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Dachau ghosts that still haunt the Germans, Page 18

World news

Moslems control Sidon area

Moslem forces, have linked up around the south Lebanese port of Sidon, forcing Christian residents to flee from their last enclaves in the area.

Security sources said the alliance of Druze-led Progressive Socialist Party militiamen and Sunni Moslem nationalist and fundamentalist fighters plan to attack the Christian mountain town of Jezzine.

About 2,000 Christians fled to join as many as 70,000 others who had taken refuge in Jezzine during the past five weeks. Page 2

PLO rejection

Palestine Liberation Organisation has rejected U.S. conditions for joint participation with Jordan in talks aimed at direct negotiations with Israel on a Middle East peace settlement.

Boycott threat

Anti-independence party in New Caledonia attacked French government proposals for the future of the area and threatened to boycott regional elections in August.

Space challenge

Space shuttle Challenger due for launch today will carry seven astronauts, two monkeys, 24 white mice and the European-built Space Lab into orbit.

Beef protest

Canada has been sent a strongly-worded letter by Willy De Clercq, EEC external trade commisioner, demanding a swift decision on talks aimed at lifting the country's ban on beef imports from Europe.

Iranian missiles

Iran has completed research on its own medium and long-range missiles and is now working on their production.

Hospital inquest

Buenos Aires police probing a mental hospital fire in which 80 died have detained the clinic's director and the manager. Many of the casualties were patients tied to their beds or sedated.

Fees to go

Maltese Roman Catholic church schools are to dismantle their fees system following an agreement with the Vatican and Malta over the weekend. Page 2

Spanish bases

Spain wants to negotiate cutbacks in U.S. military facilities before its referendum on Nato membership according to Sr Fernando Moran, Foreign Minister. Page 2

Greek election

Greek Prime Minister, Andreas Papandreou, started the race for the June general election in Crete, home island of his political rival, Conservative opposition leader, Constantine Mitsotakis. Page 2

Carmaker cutbacks

BL, the British state-owned vehicles group has rejected a government request to cut £250m ($302m) from the £1.8bn investment plan for Austin Rover. Page 7

Partial amnesty

The Soviet amnesty to mark the 40th anniversary of the defeat of Nazi Germany will exclude major criminals and political offenders.

Egypt frees four

Egypt has freed two Britons and two Maltese detained since November over an alleged plot to kill former Libyan Premier, Abdul-Hamid Bakoush, an opponent of the Gadaffi regime.

Drive on drugs

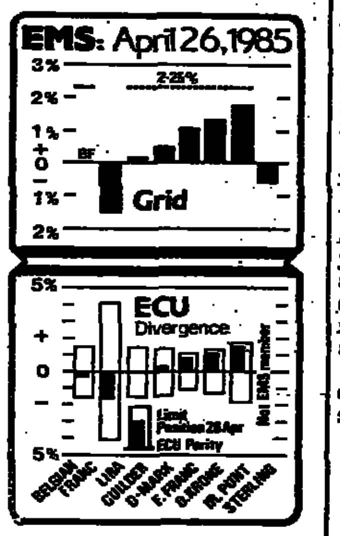
Pakistan is questioning more than 20 people after a series of drug seizures, the latest of which netted opium with a street value of more than $20m near Karachi.

Business summary

Unocal in takeover defence setback

UNOCAL, the U.S. oil group, suffered a setback in its attempts to head off an unwelcome takeover bid by Texas oilman T. Boone Pickens when a U.S. Federal court ordered the company to delay its annual meeting, scheduled for today, until at least May 13 to allow shareholders time to consider Pickens' $54 a share offer. Page 21

EUROPEAN *Monetary System:* Weaker members of the EMS rose steadily last week in comparison with their central rates as the dollar improved sharply. However the D-Mark, traditionally a strong member of the system, was hardly changed in comparison with its central rate from the previous week



despite losing 6 per cent of its value against the dollar. This unusual phenomenon was due partly to sterling's 4 per cent fall in value during the week. The Irish punt was the strongest currency followed by the Danish krone.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

TOKYO shares encountered sporadic profit-taking on Saturday although the Nikkei Dow market average put on 60.82 to 12,465.92. The more broadly based Stock Exchange index rose 1.93 to 969.86.

KUWAIT INVESTMENT Company increased net loss in 1984 by 66 per cent to KD 32.30m ($9.75m) due to continuing problems of the post-dated cheque debt crisis in 1982.

BRITISH GAS is likely to rekindle row over North Sea supply contracts following tomorrow's publication of official government data on energy reserves. Page 8

DAVY McKEE, UK engineering contractor, looks set to win most of the construction contracts for the second stage of Papua New Guinea's Ok Tedi gold and copper mine. Page 3

MULTIMEDIA, U.S. news media group, received a $1.05bn bid from entrepreneur Jack Kent Cooke, topping an earlier offer by film and television programme maker Lorimar. Page 23

WESTLAND AIRCRAFT, troubled British helicopter maker, faces a possible bid from Bristow Helicopters chairman Alan Bristow and Lotus director Alan Curtis. Page 24

PEUGEOT, the French car manufacturer, is about to launch a FFr 500m ($52m) Eurobond issue, the second French currency issue since the reopening of the Eurofranc market earlier this month. Page 23

LAURITZEN, the Danish shipping and industrial group, plunged to a DKr 249m ($22m) loss after its shipping division produced "extremely unsatisfactory" results. Page 23

COMMODORE International, U.S. home computer maker, plunged to a third-quarter net loss of $20.8m against $36.3m profit, and said it expected a loss for the full year. Page 20

GERMAN merchant seamen have accepted 3.5 per cent pay rise effective from May 1.

BA ready to pay $30m towards Laker settlement

BY DUNCAN CAMPBELL-SMITH IN LONDON

BRITISH AIRWAYS is ready to pay almost $30m towards an out-of-court settlement of the $1.05bn U.S. anti-trust suit launched against it and 11 co-defendants by Mr Christopher Morris, the liquidator of Laker Airways, in November 1982.

Final agreement appears imminent on a package deal worth close to $65m on which BA, as the chief architect, has laboured round the clock for five months. If clinched, the settlement should leave BA free to pursue its privatisation plans which were effectively shelved on legal advice late last year, pending a resolution of the Laker problem.

In the past 10 days, BA and Linklaters & Paines, its London solicitors, appear to have overcome most of the objections raised against the settlement by several of the co-defendants, which include nine other international airlines.

The U.S. carriers involved in the suit – TWA and Pan American World Airways – have yet to signal their full acceptance of BA's proposals, which still prompted serious objections at a confidential meeting of all the airlines' lawyers in Geneva on April 18. But the structure of the settlement has now won broad agreement.

Mr Morris for his part has indicated his willingness to abandon his suit – which alleges a conspiracy by the airlines to force Laker Airways out of business ahead of its collapse in February 1982 – when all the present creditors of Laker Airways have either been repaid or otherwise compensated to their satisfaction.

BA is, therefore, proposing to use the $65m settlement figure to purchase all outstanding Laker debts – through a Jersey subsidiary, Ivanhoe Investments, created for the purpose – on terms which the UK airline has negotiated directly with the creditors. This would leave Ivanhoe as the sole creditor and Mr Morris effectively relieved of his responsibilities as liquidator.

Contributions to the $65m are envisaged as:

- Just under $20m from TWA and Pan Am, which the two U.S. airlines are being asked to split on an equal basis;
- The same amount from the seven European airlines among BA's co-defendants. These include British Caledonian, which is known to have shown a more sympathetic attitude than the rest to BA's desire for an urgent settlement. The others are KLM, Lufthansa, Sabena, SAS, Swissair and UTA of France. These companies have negotiated together as a close team but their precise individual contributions are unclear;
- The same amount again, just under $20m from BA itself – *plus* approximately $10m, an incremental cost which was possibly picked up by BA to avert the near-collapse of negotiations last month. The Export-Import Bank of the U.S., Laker's largest single creditor, refused a payment of less than $10m, which BA eventually agreed to raise nearer to $20m;
- Nothing from McDonnell Douglas, the U.S. aircraft manufacturer, and its financing subsidiary which completes the list of 12 co-defendants; but the company has agreed to waive debts of $46m plus accrued interest which it was owed as a Laker creditor itself.

In addition to purchasing the Laker debts, the settlement has also been tailored to afford private compensation for Sir Freddie Laker himself and for Mr Robert Beckman, his U.S. lawyer, who has also acted as U.S. counsel to Mr Morris.

The airlines' failure to agree a formal offer for the two men at the Geneva meeting means a firm proposal has still not been presented. Mr Bill Park, of Linklater & Paines, who has been BA's chief negotiator throughout, nevertheless met Mr

Continued on Page 20

British Aerospace countdown, Page 7

Reagan still committed to German war graves visit

BY RUPERT CORNWELL IN BONN AND REGINALD DALE IN WASHINGTON

DESPITE a weekend of unremitting controversy in the U.S. and at home, the West German Government was last night showing no inclination to suggest the eleventh hour change of programme which would allow President Reagan off the hook of next Sunday's planned visit to Bitburg military cemetery, where a number of SS soldiers are buried.

Mr Donald Regan, the White House chief of staff, yesterday said on television that there was no chance that President Ronald Reagan would cancel his visit to the Bitburg cemetery, despite the "anguish" the uproar over the ceremony had caused him.

Mr Regan added, however, that the details of the visit were still being worked out and that Mr Reagan would spend only 10 to 15 minutes at the cemetery on May 5, compared with an hour or more at the Bergen-Belsen concentration camp on the same day.

As the White House continued to do all it could to minimise the importance of the Bitburg visit, officials said Mr Reagan would walk past a U.S.-German military honour guard, accompanied by Chancellor Helmut Kohl, but would not speak at the cemetery. It was not even certain that he would go through with his original plan to lay a wreath.

Warning has followed warning over the last two days about the damage the affair was causing to relations between Bonn and Washington, and the harm inflicted on the domestic political standings of both the President and Chancellor Kohl.

In America, last week's appeal by 257 congressmen to Herr Kohl that Bitburg be dropped has been followed by a resolution submitted by 82 members of the Senate, demanding that Mr Reagan "reconsider" his stop there during his state visit to West Germany, which begins on Wednesday.

The latest issue of the weekly news magazine Der Spiegel quotes an unidentified White House adviser as saying that the row was turning into "an outright catastrophe," which would lead to "a drastic change in our relations with the Chancellor."

Mr Regan said that the President, "a very sensitive person," was distressed and wounded by the controversy. The episode would leave a permanent scar on his heart, but his leadership of the U.S. and the Western Alliance would not suffer long-term damage. Mr Reagan's leadership successes would continue to be based on his economic policies and relations with the Soviet Union, he said.

A Newsweek poll has shown 55 per cent of Americans oppose the visit, but a survey by West German television found that 72 per cent of West Germans questioned are in favour of it.

Dachau ghosts, Page 18

BP to repay $110m in dispute over Alaska pipeline tariffs

BY WILLIAM HALL IN NEW YORK AND DOMINIC LAWSON IN LONDON

BP has reached a tentative settlement in a seven-year dispute over the tariffs it charges to carry oil in the $8bn Trans-Alaska pipeline system (Taps). It has agreed to cut its tariffs by 14 per cent and reimburse customers $110m for overcharging them since 1977 when the pipeline began to carry oil from the giant Prudhoe Bay oilfield on Alaska's North Slope.

BP is one of eight international oil companies which owns the 800-mile Trans-Alaska pipeline which carries 1.7m barrels a day of oil, or roughly a fifth of total U.S. production. With its majority-owned U.S. subsidiary, Standard Oil Company of Ohio, it has the biggest stake in the pipeline. When Taps was built in the 1970s, it was the largest private construction project in the world.

Since it opened, there has been a long running dispute with the state of Alaska and others who have charged that the oil companies were charging too much for use of the pipeline. The arguments are complex but hinge on the rates of return the oil companies should be entitled to for financing what was initially regarded as a high-risk project in some of the world's most hostile terrain.

Alaska has argued that instead of charging between $5.30 and $6.20 a barrel to carry oil, Taps's owners should charge between $3.50 and $4 per barrel. The lower the tariff, the higher the revenue take of the state of Alaska.

BP Pipelines, which owns 16.67 per cent of Taps, announced a settlement with the state of Alaska on Friday evening in New York. The agreement follows the pattern of an earlier settlement in February between the state and Arco Pipeline Company, which has a 21.35 per cent stake in Taps. Apart from agreeing to refund shippers $110m for shipments through mid-1985, BP is cutting its tariff by 89 cents to $5.31 a barrel.

The U.S. Justice Department is backing the settlement, but it still has to be approved by the U.S. Federal Energy Regulatory Commission (FERC), and the latter may delay its approval until all of Taps' owners have announced settlements.

Mr John Williamson, president of BP Pipelines, said that for BP Taps represents a massive investment in a unique high-risk venture. He said: "We have had long, hard and extremely complicated negotiations with the state of Alaska. I feel we have an agreement with the state of Alaska we can live with and which is the result of a substantial degree of compromise."

Analysts believe that BP will be relatively content at the scale of the preliminary settlement since it is thought that the company had for some time set aside a considerable sum for the eventual outcome of the litigation.

BP owns 55 per cent of Standard Oil Company of Ohio (Sohio), which in turn owns a third of Taps and is the biggest producer of oil from the North Slope.

Iraqi pipeline, Page 3

Gold mines to stand by mass sackings

BY JIM JONES IN JOHANNESBURG

PEACE talks between management and South Africa's black mining union yesterday failed to prevent the sacking of about 16,500 workers at two of the country's largest gold mines.

The men were dismissed by the Vaal Reefs mine, which is managed by Anglo-American Corporation, and the Hartebeestfontein mine, managed by Anglovaal Ltd, at the weekend. They are now being paid off and will be sent back to their homes in Lesotho, Transkei and Ciskei.

The weekend dismissals follow several weeks of unofficial stoppages and go-slows at the two mines, which are in the Klerdsdorp area of the south-western Transvaal. The sackings also appear to form part of a generally tougher approach by South African employers toward unofficial stoppages at a time of considerable unrest and black unemployment throughout South Africa.

On Friday, Hartebeestfontein, which produces about 4.5 per cent of the country's gold, sacked 2,200 men who were involved in an unofficial stoppage in protest against an earlier dismissal of four black union representatives. This was followed on Friday and Saturday by the sacking of about 14,200 men which is almost the entire underground black workforce of the south division of Vaal Reefs, which is South Africa's largest gold and uranium producer.

It produces about one-eighth of South African gold and one-third of its uranium and has been involved in a simmering dispute with the all black membership National Union of Mineworkers (NUM) since the start of March according to Mr Peter Gush, the head of the gold and uranium division of Anglo American Corporation which manages the Vaal Reefs mine.

In Johannesburg yesterday, Mr Gush said that in recent weeks management had settled four of five grievances presented by the NUM. The fifth, which is the demand that union men be granted a 10 per cent increase comparable to that awarded to certain categories of mine official in January, is the subject of an official dispute between the NUM and Anglo American.

Mr Gush added that work disruptions have persisted at Vaal Reefs since the start of April despite assurances by the NUM that work would return to normal once the grievances were settled. He said that the men were warned last week that persistent unofficial work stoppages would result in dismissal. Early last week 200 men were sacked for refusing to work, and court orders were sought to evict them from the mine property.

This was followed by a general stoppage in protest at the dismissals on Friday night and Saturday morning by black employees at Va-

Continued on Page 20

Apartheid sanctions, Page 2

UPI likely to file under Chapter 11

BY WILLIAM HALL IN NEW YORK

UNITED Press International, the second biggest U.S. news wire agency, is still expected to file for protection under Chapter 11 of the U.S. bankruptcy code within the next few days, despite winning a last-minute reprieve from its banker enabling it to pay the immediate salaries of its 1,850 staff.

Mr Luis Nogales, UPI's chairman, reached an agreement in principle over the weekend with the company's main lender, the Los Angeles-based Foothill group, to provide financing to continue the group's recapitalisation plans. Mr Nogales said he was confident that the new agreement would restore financing early this week and staff would then be told how to redeposit their pay cheques.

Officials of UPI and Foothill could not be contacted yesterday to elaborate any further on the new financing plans. Most observers believe that the agreement will not be sufficient to enable the financially struggling news agency to avoid filing for bankruptcy within the next few days.

The 78-year-old agency owes close to $20m. Apart from Foothill, its biggest creditors are American Express, AT&T and RCA.

For several months discussions have been under way to get the main creditors to take equity in return for writing down their debts, but this has not proved workable as yet.

Men and Matters, Page 18

Mitterrand defends record on state ownership

By Paul Betts in Paris

PRESIDENT Francois Mitterrand defended last night the French Socialist Government's record of nationalisation and said that Renault, the financially troubled state owned car group and long a symbol of the success of state ownership in France, would on no account be denationalised.

M Mitterrand was appearing on a long and novel presidential television show answering questions in a casual manner on a broad range of social, economic and political problems.

In recent weeks, there has been a growing debate in France about possible Socialist intentions of a gradual policy of denationalisation However, M Mitterrand made it clear last night that he had no regrets about his nationalisation policy.

He claimed that the six major industrial groups nationalised by the socialists after 1981 had been "saved" by nationalisation. As for Renault, which has just reported record losses of FFr 12.55bn ($1.31bn) for 1984 and was nationalised after the war by General de Gaulle, President Mitterrand said he was confident the car group would recover and would not be denationalised.

The French president also defended his government's latest plans for New Caledonia to resolve the conflict between separatists and loyalists in the French Pacific colony.

M Mitterrand made it clear that he had no intention of remaining "inert" after the 1986 general elections should the opposition gain a majority in the National Assembly.

"You don't elect a president to do nothing," he said, adding that the National Assembly did not have the constitutional powers to force a president out. However, he acknowledged that he favoured a shortening of the presidential mandate in France from seven years to five years.

M Mitterrand's 70-minute television appearance last night comes at a time when the French president's popularity continues to be extremely low although this has been in part compensated by the rising popularity of M Laurent Fabius, the young Socialist Prime Minister.

The president is clearly hoping that his novel television performance – the programme was called "Ca nous interesse, M le President" – will help him recover some popularity at a moment when socialist policies are coming under heavy fire from both the right wing opposition and the Communist party.

Maginot dogma under attack, Page 19

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Moslems control Sidon area as Christians flee

MOSLEM FORCES linked up around the south Lebanese port of Sidon yesterday forcing Christian residents to flee from their last enclaves in the area. Reuter reports.

Security sources said the alliance of Druze-led Progressive Socialist Party (PSP) militiamen and Sunni Moslem nationalist and fundamentalist fighters which now controlled the area also planned to attack the Christian mountain town of Jezzine, east of Sidon today.

About 2,000 Christians fled to join as many as 70,000 others who had taken refuge in Jezzine from the Christian-Moslem fighting during the past five weeks in Sidon and its eastern suburbs.

The Moslem forces launched their latest offensive on two fronts before dawn yesterday, leaving 10 people dead and 28 wounded, according to security sources. About 300 PSP militiamen attacked from the north with 20 tanks through the Iklim al-Kharroub hills, and one fighter described it as "an easy fight."

The PSP ended their sweep through Iklim al-Kharroub after seven hours, and linked up with their Sunni allies on the Awali bridge north of Sidon. The second front of yesterday's Moslem offensive continued an advance by Sunni nationalists and Islamic fundamentalists through Christian suburbs east of Sidon that began on Wednesday after some 400 Christian militiamen evacuated the area.

David Lennon in Tel Aviv adds: Israel will not come to the aid of the beleaguered Christians who are being driven out of villages in the Sidon region, officials said here yesterday.

Israel was making clear with its gradual withdrawal from Lebanon that it is determined not to be dragged on into the country's factional warfare.

In addition to the thousands of Christians who have fled to Jezzine, more than 2,000 drove down to Christian villages beside the Israeli border. In Marjayoun, just north of the border, an emergency aid committee has been set up and all the schools in the area have been made available to house the refugees.

The army spokesman in Tel Aviv categorically denied Lebanese reports that the army had begun withdrawing its forces from the southern port of Tyre. However, it is expected that the troops will be pulled out of that area within a few days.

The Palestine Liberation Organisation (PLO) has rejected U.S. conditions for joint participation with Jordan in a dialogue aimed at direct negotiations with Israel on a comprehensive Middle East peace settlement, writes Richard Johns from Amman.

Palestinian leaders said last night that Mr Yassir Arafat, PLO chairman, and his executive committee were not prepared to allow the movement to be represented by members of the Palestine National Council (the parliament-in-exile).

This is understood to have been the alternative proposed to formal PLO representation by Mr Richard Murphy, U.S. Assistant Secretary of State, during a recent tour of the region's capitals.

Our Cairo correspondent adds: Mr Murphy yesterday held further talks with Egyptian leaders, after which Egyptian President Hosni Mubarak said that no quick results should be expected from the U.S. mission. The issues involved were "complicated," Mr Mubarak said.

Washington refuses to deal directly with the PLO until it recognises the right of Israel to exist within secure boundaries.

Peres outlines economic policy aims to Shultz

BY DAVID LENNON IN TEL AVIV

ISRAEL's prospects of getting \$1.5bn (£1.25bn) in additional economic aid over the next two years has been enhanced by a recent letter outlining the economic policy goals of the Government which Mr Shimon Peres, Prime Minister, sent to Mr George Shultz, the U.S. Secretary of State, according to Israeli officials.

The U.S. has been insisting that Israel implements stringent economic reforms as a condition for additional aid but Israel believes that some of these measures, such as a large devaluation and a sharp erosion of the index linkage system, cannot be introduced yet.

Israel has reeceived \$2.6bn in economic and military aid this year. However, because of the balance of payments deficit and the decline in foreign currency reserves it has asked for another \$1.5bn to help meet its debt obligations and begin a return to economic growth after years of stagnation.

Mr Shultz, who takes a keen interest in the Israeli economy, recently sent Professors Herb Stein and Stanley Fischer to Israel to study the economy. They produced a 10-point programme for economic deform.

Responding to this programme, Mr Peres outlined the general goals being set for the Israeli economy, without going into details about measures which will be taken to achieve these targets.

It is expected that the aid and Israel's economic policy requests will be among the topics discussed in Jerusalem when Mr Shultz arrives early next month.

Among other points, the U.S. experts proposed greater control over budget spending, a government commitment to setting a target to reduce inflation, a realistic exchange rate and a reduction in government control and subsidisation of credit.

Some of the proposed measures are unacceptable to the Government in Jerusalem because of the negative impact on inflation and the likelihood that they would generate a massive increase in unemployment which is currently running at a rate of less than 7 per cent.

However, the Treasury has made it clear that it is willing to set bench marks for economic policy, including quarterly targets for spending and revenues, as recommended by the two professors.

Israel is hoping that general commitments contained in the Premier's letter will give the Administration sufficient grounds for asking Congress to allocate the additional aid.

Apartheid sanctions make steady progress up Capitol Hill

BY NANCY DUNNE IN WASHINGTON

AFTER MONTHS of Congressional hearings and public demonstrations in the U.S. against apartheid, two House foreign affairs sub-committees will begin this week to select from among 24 bills on South Africa those which might best be considered by the House of Representatives.

Some economic sanctions are expected to pass in both Houses in the next few months, despite Administration opposition.

One of the best candidates for approval, according to a committee aide, is the Anti-apartheid Act of 1985, introduced in both Houses by a bi-partisan group of about 100 liberals and moderates. The bill would ban new bank loans to and investments in South Africa, computer sales and further U.S. imports of South African gold krugerrands.

Also under consideration is a less stringent measure introduced by House conservative Republicans, which would deny federal contracts or economic assistance to businesses which refuse to abide by the "Sullivan principles" regarding new investments. These are voluntary guidelines to promote workplace integration and other fair employment practices by U.S. companies in South Africa.

These provisions, however, would not go into effect until January 1987 and could be waived if the President found that the South African Government had taken significant steps towards eliminating apartheid.

The legislation also would direct the U.S. representative on the International Monetary Fund to oppose IMF loans to any country which had an official segregation policy.

Similar legislation is backed in the Senate by Senator Robert Dole, the majority leader, and Senator Richard G. Lugar, chairman of the foreign relations committee. The bill has apparently been "discussed" with the administration, which is holding fast to its policy of "constructive engagement."

The Republican Bill gives the President until March 1987 to determine whether the South African Government has made "significant progress" towards abolishing some of the more controversial aspects of apartheid. If the determination were negative, the President would then have to recommend sanctions to Congress.

Among the opponents of sanctions are American companies which want to maintain business ties with South Africa and kruggerand "gold bugs," dealers and collectors who last year flooded Capitol Hill with letters and telegrams against a ban on the coins then under consideration. The South African Government is expected to pay more than \$1m (£825,000) this year to well-connected lobbyists in an effort to block legislation.

The Reagan Administration could possibly ignore growing public sentiment for action and veto any sanctions. Mr George Shultz, Secretary of State, has repeatedly condemned both apartheid and legislation which "would have a counter-productive effect of reducing American influence on South African policy and would not help South Africa's blacks."

Papandreou pledges aid for business and farmers

By Andriana Ierodiaconou in Herakleion

GREEK SOCIALIST Prime Minister Andreas Papandreou kicked off the race for the June 2 General Election on Saturday in Crete, the home island of his political arch rival, Conservative opposition leader Constantine Mitsotakis, with pledges to improve the lot of farmers and small businessmen and to continue to steer a neutral foreign policy course.

Dr Papandreou took full advantage of the Crete setting to attack Mr Mitsotakis as "the chief exponent of dependent, servility and plutocracy," to bill the election of Greece's President Mr Christos Sartzetakis, another Cretan, last March, as one of the "top political choices" made by the Socialist Government, and to suggest that the socialists are the political heirs of the Grand Old Man of Greek liberal politics, the late Cretan politician Eleftherios Venizelos, who was Prime Minister several times between 1910 and 1933.

Mr Sartzetakis's election was labelled unconstitutional by the Conservative opposition and led to the calling of early general elections last week several months before the end of the Socialists' four year term in October.

The Prime Minister spoke before a massive crowd packing Herakleion's central square. There was no official estimate of numbers but the majority of the district's approximately 200,000 voters were assumed to be there along with supporter who had arrived by boat and plane from Athens.

The Prime Minister billed the next election as an apocalyptic struggle "between tomorrow, and yesterday" in which he called voters to deal a death blow to the Right's chances of ever ruiling Greece again.

Virtually 50 years of uninterrupted right-wing rule ended in Greece when the Socialists won the elections in 1981.

Dr Papandreou painted his Government's programme for the next four years in very broad strokes. What little detail there was devoted to measures to boost the financing of small- and medium-size businessmen. They form the bulk of the electorate in the urban centres.

Mr Mitsotakis concentrated on the farming vote in a speech, delivered in Larissa in central Greece, also on Saturday and also before a large crowd. He unveiled his party's programme for boosting farm incomes and expanding welfare services in the agricultural areas.

Spain seeks early talks on U.S. base cuts

BY DAVID WHITE IN MADRID

SPAIN WANTS to negotiate cutbacks in U.S. base facilities before holding its planned referendum on North Atlantic Treaty Organisation (Nato) membership. Sr Fernando Moran Lopez, Foreign Minister, said at the weekend.

The referendum is scheduled to take place early next year unless it clashes with an earlier than expected general election.

In a tough statement, Sr Moran warned that the Socialist Government would denounce the U.S.-Spanish defence and co-operation agreement if Washington refused to negotiate force reductions, or if no accord could be reached.

However, he made clear that negotiations on the cutbacks sought by Spain would wait until after President Reagan's visit to Madrid early next month. U.S. Administration officials have said that, while they are prepared to study any Spanish proposals, they do not regard the issue as negotiable.

The U.S. has approximately 11,500 military personnel stationed in Spain, its principal facilities being three air bases and the Rota Naval base near the mouth of the Medterranean. The bases will be a main target of anti-U.S. and anti-Nato demonstrations being planned by left wing groups before Mr Reagan's arrival next Monday.

Sr Felipe Gonzalez, the Prime Minister, announced the aim of a "progressive reduction" in the U.S. presence last October at the same time as he declared his position in favour of maintaining Spain's status quo in Nato.

The cutbacks, which he said should be "in accordance with national interests," were seen as a bid to placate socialist supporters following the party's change of stance over the alliance.

Under an additional protocol signed by the incoming Socialist Government two years ago, either country is entitled to seek revision or modification of the bilateral agreement at any time. The agreement, which comes up for a renewal in 1987, covers a wide area of defence and arms co-operation and would need changing if Spain were to pull out of Nato.

Sr Moran said Mr Reagan's visit would not influence the holding of a referendum.

● Mr Peter Sutherland, the Irish EEC Commissioner, has said it would not be in Ireland's interests to insist that any emerging European Union could not deal with security matters, writes Brendan Keenan in Cork. He was speaking at a seminar on European affairs which revealed growing confusion over how Ireland's traditional military neutrality could fit in with moves towards European integration.

In a speech delivered to the same meeting, the Irish Environment Minister, Mr Liam Kavanagh, who is a member of the Labour Party, the junior partner in the ruling coalition repeated his party's view that Irish neutrality is not negotiable.

But Mr Peter Barry, the Foreign Minister, a member of the majority Fine Gael Party was much less definite, saying that if a genuine political union emerged in Europe, it seemed logical that the Irish would wish to defend it. He stressed that such a development was many years away.

● Members of the Western European Union (WEU) should form an integrated European initiative to investigate the advanced technology available to participate in the U.S. Star Wars programme, the Dutch Foreign Minister, Mr Hans van den Broek, said at last week's meeting of the parliamentary defence committee in the Hague, writes Peter Spinks in Amsterdam.

The U.S. Government yesterday denied Soviet leader Mikhail Gorbachev's statement that the Soviet Union had made a new arms reduction proposal at the Geneva arms talks, Reuter reports from Washington.

The Soviet news agency Tass on Saturday quoted Mr Gorbachev as saying in Warsaw that the Soviet Union had suggested both sides reduce strategic offensive arms by 25 per cent.

The U.S. State Department, however, said the proposal appeared to be one made in the 1983 arms control talks which were broken off by the Soviet Union.

"Contrary to the impression created by press accounts of Mr Gorbachev's statements, the Soviet Union has made no proposal for reductions in strategic forces in the new Geneva negotiations," it said.

Gorbachev holds talks with Jaruzelski

By Christopher Bobinski in Warsaw

MR MIKHAIL GORBACHEV, the new Soviet leader, left Warsaw at the weekend after two hours of bilateral talks with General Wojciech Jaruzelski which were seen by observers here as a sign of support for the Polish leadership. Mr Gorbachev made a point of staying on in Warsaw after the five other East bloc leaders left on Friday after extending their military treaty which expires next month for another 20 years.

Mr Jaruzelski appeared relaxed and in good spirits at the congress of the Polish Communist youth movement soon after seeing off the Soviet team which included Mr Andrei Gromyko, the Soviet Foreign Minister. This belied official unease at the prospect of Solidarity demonstrators on the streets once more on May Day.

Mr Lech Walesa, in a message to the supporters of the banned union, has reminded them of the need to free the 150 or so political prisoners and to struggle for the recognition of trade union rights.

Chilean socialists detained after 'political' gathering

BY MARY HELEN SPOONER IN SANTIAGO

CHILEAN authorities continued to hold in detention more than 200 people accused of attending an unauthorised political meeting. The detainees were picked up by police on Friday evening following a mass gathering in a Santiago union hall to celebrate the founding of Chile's Socialist Party.

Lawyers from the Chilean human rights commission said several hundred policemen arrived at the site just as the meeting, described as an "artistic and cultural event" was ending. The detainees were taken away in police buses to two separate detention centres. The lawyers claim that some of the detainees were subsequently interrogated by men in civilian dress wearing ski masks to prevent their identification, a procedure illegal under Chilean law.

A government communique said the purpose of the Friday night gathering had been to "plan actions designed to disrupt public order" on May 1, Labour Day. The communique also said that pamphlets and other subversive literature had been found on the premises.

The detainees have been placed at the disposition of the Interior Ministry, pending charges of violating Chile's state security laws. According to the security laws, detainees may be held up to five days without formal charges; they could face prison sentences or internal exile in remote parts of the country.

The Chilean human rights commission issued a statement demanding the detainees' immediate release and said the gathering had been a "peaceful and private one, where the participants had not done anything illegal."

Socialist Party leaders condemned what they describe as the latest repressive act of President Augusto Pinochet's Government, which "trampled underfoot the most basic rights of assembly and expression."

They issued a statement calling on democratic groups in Chile to unite in demanding the immediate release of the detainees and an end to arbitrary arrests.

President Pinochet banned political meetings when he imposed a state of siege in November to combat subversion and crack down on political opposition.

Brazil metal workers resume strike

By Ann Charers in Sao Paulo

STRIKES by the well-organised metal workers' union in the Sao Paulo region which resumed on Thursday after a break for the funeral of the late President-elect Tancredo Neves, are likely to be the first major test for Brazil's new Government.

If, as expected, the Brazilian labour court decides on Friday that the strikes are illegal, the Government has legal justification for using police to bring the strike to a close or to intercede more aggressively and negotiate a political solution.

The National Automobile Manufacturers' Association estimates that the 11-day strike has cost the industry Crz 800bn (£131.5m) in lost production.

Work stoppages in the auto parts industry also halted production at Ford and threatened to affect Fiat assembly lines in Minas Gerais, a central Brazilian state, if settlements are not reached by the end of next week. Workers at Volkswagen are operating a work-to-rule and the General Motors plant is paralysed, with workers occupying the plant.

Volcker 'wary' of multilateral debt talks

By David Gardner in Mexico City

MR PAUL VOLCKER, chairman of the U.S. Federal Reserve, appears to have revived the flagging public debate over a lasting solution to Latin America's debt crisis by coming out against global negotiations between the region's debtors and the industrialised countries.

Mr Volcker, who is said to be on a private visit to Mexico, said he did "not understand what concrete benefit a political dialogue (between debtor and creditor nations) will have." After meeting with Mexico's President Miguel de la Madrid and economic ministers, the Fed chairman said: "We already have a process that seems to work." He was referring to the multi-year rescheduling negotiated by individual countries such as Mexico and Venezuela with their bank creditors.

Mr Volcker said he was "wary" of any multilateral initiative and that "a political dialogue could be disturbing for the everyday banking system."

His remarks coincided with a statement from the Cartagena group of 11 Latin American nations, issued ahead of the Bonn summit of industrialised countries next month, and calling for precisely such a dialogue.

The Cartagena statement called for a political dialogue to explore "permanent and durable solutions" which "go beyond the simple lightening of the debt service burden through renegotiation."

The statement, drafted by Sr Enrique Iglesias, the former head of the United Nations Economic Commission on Latin America and now Foreign Minister in Uruguay's new democratic Government, warned that the political and social pressures unleashed by the crisis could undermine regional democracy. It stressed the need for new trade and international monetary arrangements to resolve it.

The statement, approved by the presidents of all the 11 Cartagena countries, also underlined the fact that, despite the "co-responsibility" of debtors and creditors in the gestation of the crisis, "adjustments to it have been borne explicitly by the debtor countries."

The Cartagena group is comprised of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay, Venezuela and the Dominican Republic. At a meeting in Argentina last September, the group agreed to press for a summit with the industrialised nations in early 1985. At a later meeting in Santo Domingo in February they agreed to postpone this call to await the outcome of reports being prepared for the IMF interim committee and the World Bank Development Committee.

Nigerian town curfew

A dusk-to-dawn curfew has been imposed on the northern Nigerian town of Gombe, where more than 100 people have died in religious riots, Reuter reports from Nigeria. Anyone breaking it will be shot, an official statement said yesterday.

The Bauchi state government said most fundamentalists were fleeing the town. It added: "Anyone found outside his house between 6 pm and 6 am will be regarded as a fanatic and will be shot on sight."

Vatican accord ends Malta's schools row

BY GODFREY GRIMA IN VALETTA

ROMAN CATHOLIC church schools in Malta are to start dismantling their fees system as a result of an agreement reached at the weekend between Malta and the Vatican.

The accord, which promises to bring Malta's lengthy and often violent dispute over free education by church colleges to a happy end will affect 18 schools attended by some 7,000 students.

The introduction of time scales to govern the gradual introduction of the new system appears to have played a key role in the successful conclusion of talks at the Vatican between delegations headed by the senior Maltese Deputy Prime Minister Dr Joseph Cassar and Monsignor Achille Silvestrini, head of the Vatican council for public affairs.

Although details of the agreement have not yet been released, they are expected to filter through during this week's May Day celebrations organised by the ruling Labour Party headed by the island's new Prime Minister, Dr Carmelo Mifsud Bonnici.

The Rome accord also provides for a joint commission to be set up to study issues still dividing church and state in Malta. Premier Mifsud Bonnici insisted on a concordat with the Vatican to eliminate what have been termed as "chaotic and anachronistic" relations between the Government and the Church. Dr Mifsud Bonnici also wants student enrolment at church schools to be governed by an examination common to both church and state secondary schools.

The Vatican agreement is likely to consolidate further Dr Mifsud Bonnici's position as Prime Minister and leader of the Labour Party.

The agreement with the Vatican was reached as Italy and Malta moved closer towards concluding a new treaty covering military, political, economic and trade links. An Italian negotiating team has begun talks in Malta with the island's Foreign Minister, Dr Alex Sciberras Trigona.

Dr Sciberras Trigona said that the talks will build on the discussions in Rome held on April 19 between Italian Premier Sr Bettino Craxi and Dr Mifsud Bonnici.

The arrival of the Italian delegation less than a week after the Craxi meeting suggests Italy is inclined to push for an early settlement with Malta to the disputes over economic assistance and Maltese demands for a more balanced trade exchange.

If the talks now under way in Valletta make progress, Malta is expected to lift restrictions on Italian imports and on travel to Italy. Italian aid offers, and possible joint industrial ventures are believed to be the basis of the renewed ties being discussed. Italy is also expected to maintain its 53-man military mission on the island to help with public works and armed forces projects.

The rehabilitation of Malta's relations with its leading political and trading partners in Western Europe has proved a daunting task for the new Maltese Prime Minister. Relations were at a low when Mr Dom Mintoff stepped down as Prime Minister in December.

Combining a more pleasant negotiating manner with a pragmatic outlook, Dr Mifsud Bonnici has, however, begun to improve the tone of relations with Britain, Italy and the European Community.

Italy provides Malta with economic aid, markets for tary assistance and is a valuable sponsor at the EEC, with which Malta is negotiating a second financial protocol worth millions of Maltese pounds in loans and grants.

The same can be said of Britain, still the island's biggest tourist contributor, a significant buyer of Maltese products and a prospective provider of industrial investments.

The widespread feeling among those who have dealt with Dr Mifsud Bonnici is that he seems a more reasonable man to be business with. Last week Britain dispatched a team of Royal Navy divers to help defuse shiploads of unexploded wartime ordnance sunk deep inside Valletta's Brand Harbour.

Last year Mr Mintoff invited the Soviet Union to clear Grand Harbour from wartime wrecks and unexploded bombs. In the event, the Soviet Union, after surveying the harbour for two weeks, turned down the assignment. Mr Mifsud Bonnici believes Britain may play an increased role in making Grand Harbour safe if relations continue to strengthen.

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WORLD TRADE NEWS

Davy McKee set to win share in $500m Ok Tedi contracts

BY GEORGE MILLING-STANLEY

ONE OF the UK's leading engineering contractors, Davy McKee, looks set to receive the lion's share of construction contracts in Papau New Guinea which may total as much as $500m (£416m) fololwing the recent official visit to Britain by Mr Michael Somare, the country's Prime Minister.

The contracts are for the second stage of the A$1.6bn (£788m) Ok Tedi gold and copper mine in the remote Star Mountains of Papau New Guinea, close to the Indonesian border.

Mr Somare explained that the contracts had been put out to competitive tender, and this procedure would have to be allowed to take its course over the next few months, but he said he understood that the bid from Davy McKee was the best received so far.

In any event, the company, part of the Davy Corporation, must rank among the front-runners as it has been involved with the planning for the second stage of the mine's development since September 1983, when it was awarded a contract to prepare a cost and definition study.

Bechtel, the U.S. company which handled the bulk of the first stage construction, is unlikely to be awarded any further work on the project. There were signs of tension between Bechtel and the Ok Tedi partners over the first stage, but Mr Somare confined his comments to a curt: "Bechtel has pulled out — end of story."

Just three months ago, Ok Tedi's future looked bleak. The PNG Government, which has a 20 per cent stake in the operating joint venture Ok Tedi Mining, had ordered the mine to close down amid growing concern that its commercial partners were contemplating pulling out of the project once they had completed the first stage of development which involved the extraction of most of the gold.

The partners are Australia's Broken Hill Proprietary and Amoco Minerals of the U.S. with 30 per cent each, and a group of West German interests holding the remaining 20 per cent.

The decision to close the mine less than a year after it had come into production in May 1984 was made because, as Mr Somare put it, "we have seen what has happened in other countries where multinational companies have tended to dictate to government. I could not allow that to happen in my country."

After six weeks of tough negotiations, and some personal smoothing of the ruffled feathers of the international banks which had lent to the project on the part of Mr Somare, the authorities announced the terms of a compromise agreement which would allow the mine to reopen. "Everything is now in full swing," Mr Somare said.

He added that he felt the strong line his Government had taken would help in future negotiations with big companies over the development of additional mining projects. "People will know that they cannot take us for a ride," he said.

Deere accepts £1.2m fine by EEC

JOHN DEERE, the farm machinery manufacturer based at Moline, Illinois, has decided not to appeal against a £1.2m fine imposed by the EEC Commission for alleged restrictions placed on its European dealers, our Trade Staff writes,

It says the time and expense would not be justified.

The charge against Deere is that it has placed restrictions on trade across national borders. The company says it believes the Commission's ruling is not supported by the facts.

Deere says the Commission has accepted that the price differences from country to country in the EEC are essentially the result of currency fluctuations, government actions and other factors beyond hte company's control.

Algerian order

Fiatallis, the earthmoving equipment subsidiary of the Italian Fiat group, has won a L32bn (£13m) contract to supply 221 vehicles to Algeria, writes Ian Rodger. The order, from the Entreprise Nationale Materiels Travaux Publics, consists of buildozers, crawler loaders and fork-lift trucks.

Baghdad receives bids for Turkish pipeline

BY TONY WALKER RECENTLY IN BAGHDAD

IRAQ EXPECTS to announce by June the successful tenders for a 783-kilometre pipeline to be built betwen Kirkuk, in its north-east region, and the Turkish Mediterranean port of Yamurtalik, at a cost of about $600m (£470m).

Six consortia are believed to have tendered for the 225-kilometre Iraqi section, for which bids cloesd last week. Five bids were received earlier this year by Botas (the Turco-Iraqi pipeline corporation) for the 558-kilometre Turkish section.

Contracts will be awarded separately by the Turkish and Iraqi authorities who will, nevertheless, co-ordinate their evaluation. The new pipeline, which will run more or less parallel with the existing Turkish pipeline, will enable Iraq to export an additional 500,000-600,000 barrels a day (b/d), and will take about 18 months to complete.

Among the leading bidders for both sections is the Saipem of Italy-led consortium, which includes Tekfen and Kutlutas, both of Turkey. Saipem, in partnership with Italsider and France's Spie-Capag, is building a spurline from southern Iraqi oilfields to join up with the Saudi Petroline, a project worth some $500m which will increase Iraq's capacity for oil exports by 400,000-500,000 b/d.

The project is on schedule, according to a Saipem spokesman in Baghdad, and is expected to be completed by the end of September. In its successful bid for the pipeline from Iraq to the Petroline, Saipem arranged financing under generous Italian government-backed credits. Part payment was also accepted in oil.

Other consortia bidding for the Iraqi section include Mannesmann AG of West Germany and Spie-Capag of France. (Mannesmann is involved with Gama, a Turkish construction company, for the section in Turkey).

Another prominent bidder is a consortium with British Pipeline Engineers and Contractors (BPEC), Toyo Engineering of Japan and Cimintubi of Italy.

Also among those to have lodged bids for either one or both sections are Hyundai and Samsung of South Korea and Brown and Root of the U.S.

Completion of the pipeline through Turkey and the spur from the southern Iraqi oilfields to the Saudi Petroline will boost Iraq's export capacity to close to 2m b/d, from the present level of around 1m b/d.

Iraq's Opec production quota is presently 1.2m b/d. Baghdad may have some difficulty with its Opec partners if it seeks to double exports over the next 18 months.

Iraq is also considering building a parallel line to the Saudi Petroline, with a separate loading facility at the Saudi port of Yanbu on the Red Sea, in an effort to replace oil export capacity seriously damaged at the beginning of the Gulf War.

Brown and Root have been commissioned to prepare a feasibility study on the Saudi scheme.

Iraq's other ambitious pipeline project under consideration is a $1bn pipeline to Aqaba in Jordan, but this is on ice because of Iraqi difficulties in securing guarantees against Israeli attack.

Rolls-Royce likely to clinch $65m 'centauro' deal

BY ANDREW WHITLEY IN RIO DE JANEIRO

ROLLS-ROYCE is on the verge of winning an order worth about $65m (£54m) to supply an initial 50 Spey mark 807 engines for the joint Italian-Brazilian military aircraft known as the AMX or "Centauro."

A decision by the two Governments to commence full production of the Centauro, a sophisticated interceptor and ground-attack aircraft, has been delayed until the second half of this year. But the expected order for the engines is the clearest indication to date that the $600m project is still on course.

Under the terms of a 1980 agreement, Aeritalia and Aermacchi of Italy and Embraer, the Brazilian state-controlled aircraft company, are to build 240 units for the two countries' airforces, with parallel production lines in each country.

The engine, an updated version of the well-established Spey, was originally intended to be built under licence only in Italy, by Fiat and Alfa Romeo. However, in a new development, discussions are believed to be under way with the Brazilian authorities whereby it will also be built in Brazil.

Embraer said last week that the 11,000 lb-thrust turbo-fan engine would probably be built at the government-run Celma factory in Petropolis outside Rio de Janeiro. Celma is a little-publicised engine overhaul facility in which Pratt and Whitney of the U.S. have a minority holding.

Mr Alan Sinclair of Motores Rolls-Royce, a wholly-owned subsidiary of the UK company, which has its own engine overhaul plant in Sao Paulo state, said no firm orders had been placed in Brazil for production — as opposed to prototype — engines for the new aircraft.

However, like General Electric which already has a relationship with Celma, Rolls-Royce is known to be trying to strengthen its links with the Brazilian company. Among other signs that the bi-national programme is still on course for a planned entry into service by the aircraft in 1987 are:

- Embraer has nearly completed the erection of its assembly line facility at Sao Jose Dos Campos, home of the Brazilian aerospace industry.
- Orders worth an eventual $16m have been placed with Aeromot, a privately-owned Brazilian aviation electronics company, for reconnaissance equipment for the Centauro.

British defence suppliers such as Marconi, Plessey and Martin-Baker are known to be hopeful of orders for equipment to be installed on an aircraft which Colonel Ozires Silva, president of Embraer, said last year could have a world market of 600 units.

SHIPPING REPORT

Improvement in dry cargo rates spreads from Atlantic

BY ANDREW FISHER, SHIPPING CORRESPONDENT

DRY CARGO markets perked up last week, with the recent lift seen on Atlantic freight rates finally starting to spill over into other areas. The tanker market was fairly lifeless, however.

Denholm Coates, UK shipbroker, said handy-size bulk carriers were now benefiting from improved rates. Two ships of 29,000 and 34,000 deadweight tons obtained daily charter rates of $6,000 (£5,000) for trips from the UK and continental Europe to the Far East, far better than the $5,000 recently prevailing.

Ore and coal demand in the Atlantic improved, and the Russians have been fixing ships for their rising grain imports, thus keeping rates firmer. But the rate for the only large grain fixture from the U.S. Gulf to the Continent was back down to $11 a ton after nearly $12 the week before.

The Far East market for dry cargoes remained depressed for larger and handy-size ships, Denholm said. Nor was there any sign of improvement.

Assessing the chances of sustained dry cargo rate upturns, Drewry Shipping Consultants said shipowners would hope to gain ground in the wake of the spring upturn, but would meet strong resistance from charterers.

In tanker markets, there were few opportunities for big ships. One ship was reported to have been fixed to replace the Kypros, hit by a missile the previous week on her way to load at Iran's Kharg Island terminal. In smaller sizes, Galbraith's said a 103,000 ton cargo was fixed to the U.S. Atlantic coast at Worldscale 33 and one of 65,000 tons to South Korea at Worldscale 65.

In scrapping, shipbroker Galbraith's said China had withdrawn from the market. Breakers from other areas would probably try to cut prices for ships sold for demolition. One reason for the Chinese action could be congestion, as breaking is slower than in Taiwan or Korea. Foreign exchange shortage could be another.

With the arrival of monsoons around the Indian sub-continent, breakers' activity will be interrupted there, thus further narrowing the market for a while.

NCL scales down plan for world's largest cruiser

BY OUR SHIPPING CORRESPONDENT

NORWEGIAN Caribbean Lines, a leading cruise company, plans to build the world's biggest cruise ship costing up to $200m (£153m) but its capacity will be 2,500 people, half that of an earlier project which the company has shelved.

NCL, owned by Klosters Rederi of Oslo, owns the Norway, which is the largest current cruise vessel. It had been studying a project, named Phoenix, to build a 5,000 passenger ship at a cost of some $450m (£346m).

Phoenix is still being studied for possible introduction into the NCL fleet at the end of the 1980s. As well as the Norway, which carries 2,000 people and formerly known as the France, NCL has seven ships, including three run by Royal Viking Lines, which it bought last August.

NCL did not say where it would build the ship. Mr Ronald Zeller, president of NCL, said prospective yards would have final details in two months. Yards in Finland, West Germany, Sweden, and possibly the Far East, are likely to be in the running.

Royal Caribbean Cruise Lines, a rival operator, said two months ago it planned to spend more than $300m on two new ships. Nearly 2m people go cruising in he U.S. each year, mostly in the Caribbean.

Mr Zeller said the new ship that NCL was to order should be delivered more quickly than would have been possible with Phoenix, for which the main contender was Howaldtswerke-Deutsche Werft (HDW) of West Germany.

North Yemen refinery plan

FOUR SOUTH KOREAN partners in an oil exploration in North Yemen have agreed with Hunt Oil of the U.S., to build a refinery in North Yemen, AP-DJ reports from Seoul.

The Korea Oil Development Company said Yukong, Korea Oil Development, Sam Whan and Hyundai have agreed with their U.S. partners to build a refinery near Narib. The U.S. company found an oil well in that area last July.

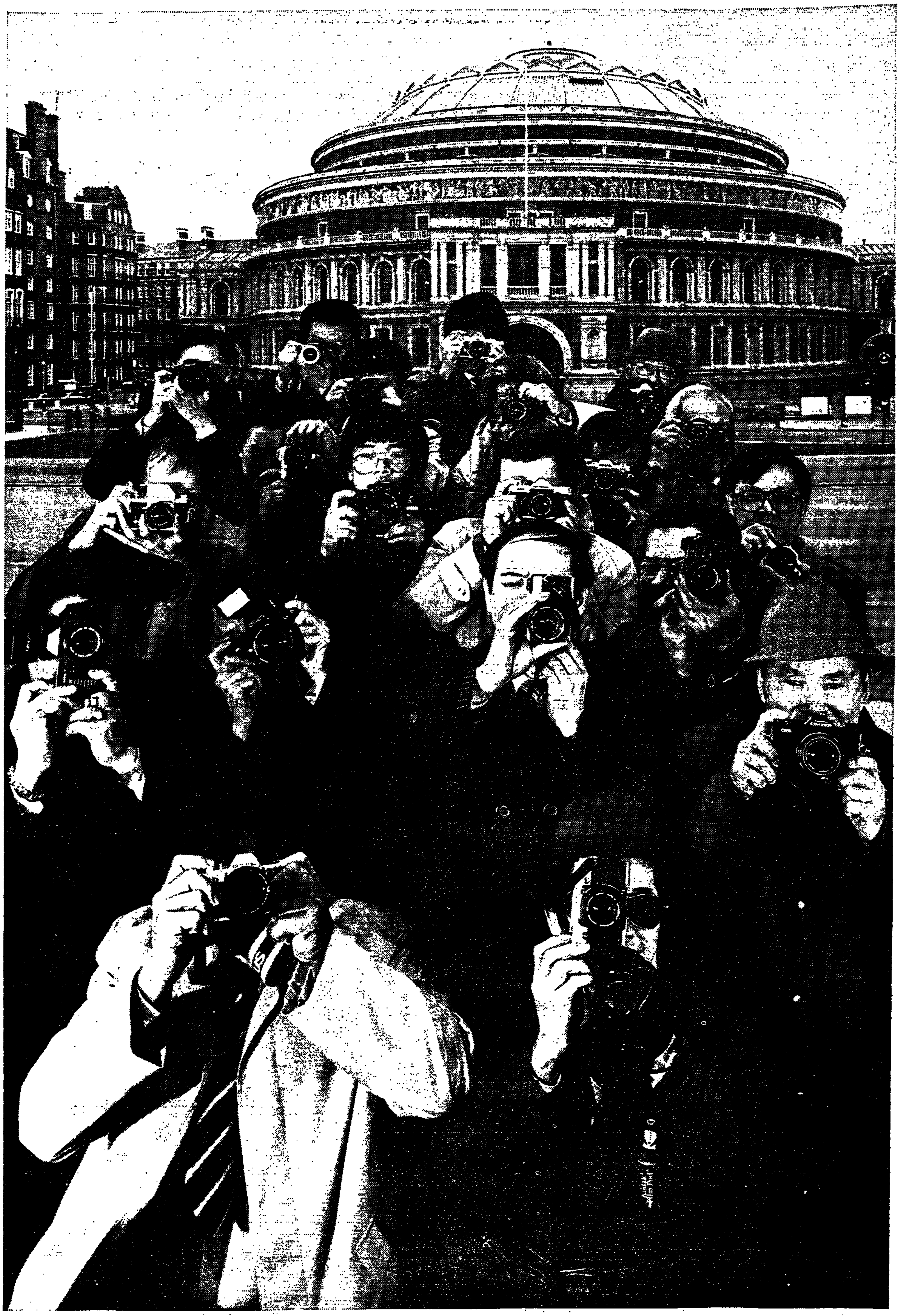
The contract has not been signed and the total amount of investment is not fixed, but each partner may invest, based on their investment share in the exploration, Korea Oil Development said.

World Economic Indicators

FOREIGN EXCHANGE RESERVES (U.S.$ m)

	Feb 85	Jan 85	Dec 84	Feb 84
U.S.	6,301	6,270	6,656	6,677
Japan	22,302	22,544	22,283	20,837
W. Germany	33,144	34,203	35,028	39,890
UK	6,415	6,739	6,969	9,096
Italy	17,705	19,080	19,067	17,982
Belgium	3,731	3,629	3,608	4,152
Netherlands	7,222	7,624	7,778	8,866
	Jan 85	Dec 84	Nov 84	Jan 84
France	19,102	19,102	20,467	17,695

Source: IMF



WE SENT A LARGE CONSIGNMENT OF LENS GLASS TO JAPAN LAST YEAR. MOST OF IT CAME STRAIGHT BACK.

If the Japanese didn't continually strive to produce the best cameras in the world it would be a different story.

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It's certainly nice to hear of a British company succeeding so well in Japan when so often we hear the story the other way round.

It's also nice to know that thanks to Pilkington many of our foreign visitors get to see our more famous monuments in the best possible light.

PILKINGTON

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BL dismisses request to trim investment

FINANCIAL TIMES REPORTERS

BL, the state-owned vehicles group, has rejected a Government request to cut £250m from the £1,800m investment plan of Austin Rover, the volume cars subsidiary.

It is arguing that the full programme must go ahead to ensure the long-term commercial viability of the cars company and safeguard the jobs of its more than 40,000 employees. BL is also thought to have expressed concern that the delay in government approval of its five year corporate plan, submitted last December, could impede planned further collaboration with Honda, of Japan.

Broad agreement has been reached on a new deal under which Austin Rover would sub-contract its underused production lines to assemble Honda models. Both companies would collaborate to develop a new medium-sized car to replace the present Maestro.

The Department of Trade and Industry, concerned by the disappointing sales and profit performance of Austin Rover, has taken a tough line over the present plan, questioning many of the assumptions.

A new factor in the vigorous Whitehall interrogation could be the role of the Prime Minister's own policy unit which is thougt to have put forward other options to cut investment and prepare the cars company for early privatisation.

BL has answered all the questions in detail, but insists that the strategy of the plan as originally set out is the one to make Austin Rover viable. Clipping £250m from the investment plan would provide merely short-term benefits.

The difficulty for the Government, which is pledged to early privatisation, is that the plan makes clear such an objective is not possible within the lifetime of the present parliament.

The main debate between Whitehall and BL is likely to have focused upon the issue of whether Austin Rover should invest approaching £250m on the development and manufacture of a new engine and gearbox for the Metro replacement due at the end of the 1980s.

The company has rejected the idea it should buy-in the engine, possibly from Honda, arguing that the capability to develop a range of engines is vital to the independence of the UK car industry.

Austin Rover insists that without the new engine it will be over-dependent upon foreign technology. The Transport and General Workers' Union has warned that the jobs would be put at risk of 5,000 workers at Longbridge, Birmingham, at present making the engine and gearbox for the Metro.

Basic to Whitehall concern about Austin Rover is sales performance now that the company has the strong line up of models it always argued was necessary for success.

Failure to Reach last year's sales targets was blamed on strikes. But in the first quarter of this year UK market penetration of 18.04 per cent and sales of just over 90,000 are already slightly down on the same period last year.

The benefit of Austin Rover assembling cars under contract for Honda is that it would provide much-needed volume and help cover overheads. Honda, without any investment or equity stake, would have a platform from which to attack the markets of the European Community.

BL said last night that the issue of its corporate plan was "a commercial and confidential matter between the board and the Government."

Editorial comment, Page 18

Cabinet split over £1bn cuts

BY ROBIN PAULEY

AT LEAST £1bn is involved in a row between Mr Nigel Lawson, Chancellor of the Exchequer, and Mr Norman Fowler, Social Services Secretary, which caused Mr Fowler's proposed changes to the social security system to be hastily withdrawn from the Cabinet agenda.

Mr Lawson and Treasury officials have been smarting for some time over their defeat in the Cabinet committee chaired by Mrs Margaret Thatcher, to consider the social security reviews. The Treasury wanted cuts from the £40bn social security budget of between £2bn and £4bn, Mr Fowler succeeded in offering only £1bn.

Last week Treasury officials worked out that the planned total abolition of the State Earnings Related Pension Scheme (Serps) would result in an expansion of private pension arrangements as a further 11m moved into private pensions. This would push up public borrowing by at least £1bn according to Treasury calculations because of the tax allowances and reliefs available for private pension schemes.

This £1bn effectively turns the £1bn cut the Treasury thought it was getting into a net zero.

The Treasury is not proposing the retention of Serps but is arguing for much bigger cuts from other programmes.

The Treasury and the Department of Health and Social Security (DHSS) are blaming each other for failing to provide the full and proper arithmetic on the tax revenue effects of Serps. The DHSS insists such matters are Treasury responsibility; the Treasury counters that the DHSS was responsible for costing its proposals and changes.

Mr Fowler is now preparing further detail for the Cabinet this Thursday or next week but it seems unlikely that the Treasury will be able to force any major changes to Mr Fowler's present paper. Serps, which in its present infancy costs only about £10m a year, will be abolished as planned in 1987-88. Existing pension rights under Serps will be safeguarded.

One possible compromise would be to phase Serps out over a number of years but there is little support for such a move.

Fears of outraged opposition, especially from backbench MPs, means the social security changes planned will be far from radical in spite of 13 months of work by four separate review committees.

Child benefit, which at different stages has faced abolition, means-testing and taxation, will remain exactly as it is – a universal benefit for 12m children at a cost of £4.4bn a year. It will not be divided into a two-tier system, and it will not be increased by the full inflation index this year. The saving from not fully indexing it will be used towards the cost of a new Family Credit to be paid for children in families poor enough to be getting supplementary and housing benefit.

This Family Credit will work like a tax credit and is the one point in the entire exercise which represents the beginnings of integration of the tax and benefit system

Joseph accuses teachers of futile action

BY OUR LABOUR STAFF

SIR KEITH Joseph, Education Secretary, yesterday went on the offensive in the teachers' pay dispute ahead of Thursday's county council elections. He accused teachers of taking futile industrial action and shedding "crocodile tears" for their pupils.

"It is mad of the teachers not even to discuss what is being offered," he said. "I think the teachers are acting meanly. They seem to be maximising the damage to the children at minimum cost to themselves. That is scarcely professional."

Sir Keith was roundly attacked by union leaders, whose intensified strike campaign will this week hit up to 1m pupils. Unions are seeking 12.4 per cent pay rises, and have been offered 4 per cent plus arbitration.

He repeated that reform of teachers' contracts was the only way to make more money available. "They cannot claim it is my fault that they have left it too late for this year. If something isn't discussed soon, it will be too late for next year."

The biggest union, the National Union of Teachers (NUT) will call strikes in 40 local education authority areas from tomorrow. A minimum of 636 schools and about 8,430 teachers would take part in half to three-day strikes. Some schools, notably in the London borough of Brent, will be hit by a three-day strike for the second week running.

The National Association of Schoolmasters Union of Women Teachers (NAS/UWT) will continue its campaign of lightning strikes. In Scotland, the Educational Institute will target primary schools in its separate campaign for an independent review of pay

Adverts trigger row in TGWU ballot

BY OUR LABOUR STAFF

THE NEW leadership ballot in the Transport and General Workers Union has got off to an acrimonious start with a row between Mr George Wright, one of the two candidates, and Mr Moss Evans, the retiring general secretary, over the conduct of the poll.

A re-run of last year's poll to find a successor to Mr Evans was ordered by the union last week after allegations of malpractice in that ballot, which was won by Mr Ron Todd, a left winger.

Mr Wright's supporters say they will refuse to let their campaign be hampered by Mr Evans's attempt to impose guidelines which, they say, would favour the rival candidate, Mr Todd. They believe Mr Evans is going beyond his powers under the union's rules. The immediate conflict is over national newspaper advertisements which will be published shortly to publicise the new ballot.

These will contain the text of the letter from Mr Todd which called for the fresh oallot, but not that of a similar letter from Mr Wright. They may also list Mr Wright's dossier of 28 alleged irregularities in last year's poll, dismissing most of them as insubstantial.

Mr Wright said: "I think printing allegations is very dangerous. I've asked Mr Evans also to print my letter calling for a re-ballot; otherwise the advert will not be balanced. There must be balance and fairness."

The Wright camp may complain to editors if it considers the adverts unfair. It may also complain to the Advertising Standards Authority, after a formal protest to Mr Evans.

Mr Wright's supporters are particularly angered by a weekend statement by Mr Evans that the two candidates should not criticise union policy, and "concentrate more on their qualifications rather than on the sort of unpopular decisions which had to be taken."

They argue that this would unfairly penalise their man, who has portrayed himself as the candidate for strong leadership and change. They say Mr Evans has no powers to impose such restrictions on the two men, who are standing in their capacity as members of the union

Mr Evans's remarks are part of an effort to protect the union against allegations of vote-rigging. Biased reporting or allegations of misconduct will be countered by TGWU advertisements in the press, and Mr Evans has asked print unions to ensure that the election is reported fairly.

The union faces an embarrassment tomorrow when Mr John Garnett, director of the Industrial Society, presents the result of his independent inquiry into the conduct of last year's ballot in its biggest region, the South-East.

British Gas would be sold as whole under Walker plans

BY PETER RIDDELL, POLITICAL EDITOR

PROPOSALS for the privatisation of the British Gas Corporation as a whole, rather than piecemeal, have been submitted to a Cabinet committee by Mr Peter Walker, the Energy Secretary, with a view to early legislation.

Despite a preliminary discussion last Thursday by the Cabinet committee on the disposal of public assets, no decisions have been taken and the Treasury has a number of major reservations about Mr Walker's plans. At present, the proposals have only just surfaced from the Department of Energy and are still being scrutinised by other ministers.

The key new development is the political determination shared by all ministers, to bring forward privatisation of British Gas as soon as possible to maintain the momentum of this programme. If the Cabinet gives approval legislation could be introduced in the next parliamentary session with flotation in 1987.

The main Cabinet debate will be about Mr Walker's long-standing preference for keeping British Gas intact, in line with the strongly-held view of Sir Denis Rooke, its chairman.

Mr Walker has made no secret of his scepticism with the desire of his predecessor, Mr Nigel Lawson, now the Chancellor of the Exchequer, to break down the present monopoly, and introduce competition into energy utilities. Mr Walker believes that the legislation passed by Mr Lawson to encourage the private generation of electricity has had no real impact.

Therefore, gas and electricity are bound to remain monopolies and should be sold off in this form, subject to strong regulation, particularly of prices.

This would be similar to last November's flotation of British Telecom as a semi-monopoly which is regulated by the Office of Telecommunications.

A Conservative Party policy statement in 1983 referred to "increasing competition in, and attracting private capital into, the gas and electricity industries."

Mr Walker has apparently argued that the sale of British Gas as a whole would be both quicker and raise more money for the Treasury than a break up and piecemeal disposal. He will also present this solution towards the people's capitalism advocated by Mrs Margaret Thatcher, the Prime Minister, especially as he wants a large amount of employee participation, as happened with British Telecom.

Dominic Lawson writes: A public sales of shares in British Gas which made operating profits of over £1bn in 1983–84, could value the corporation at about £8bn. This would put such a sale in the British Telecom league, and like the Telecom sale, the sheer size would necessitate a phased, tranche by tranche, disposal.

Under Mr Walker the Department of Energy has produced internal papers attempting to value the corporation, and also a number of papers on the regulation of privately owned gas utilities in other countries, such as the U.S.

N. Sea row rekindled, Page 8

BAe starts countdown for joint share offer

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Aerospace this week starts the final countdown for its joint share offer with the Government, with today's extraordinary meeting of the company to give approval to changes in the articles clearing the way for the share sale.

The offer is for 146.85m shares of 50p, comprising nearly 98.9m shares owned by the Government – representing the outstanding Government holding of 48.43 per cent in the company – and another 50m shares which BAe itself is offering to raise capital for future activities.

The offer is in two instalments, with the first payment of 200p a share due on application and the balance (the precise amount will be disclosed later this week) payable on September 10.

At Friday's closing price of 410p, the flotation overall is expected to raise just over £600m.

Today's extraordinary meeting is designed to give approval to the proposed issue, but particularly to provide for the creation of a single Government "special share" of £1.

This would ensure that, although the Government no longer controlled the company, it would still be able to block any takeover by foreign interests, control the citizenship of directors and still appoint a Government director to the board.

This special share will require the company to obtain written permission from the Government before any provisions relating to these matters in the articles of association could be altered.

The special share, however, will not confer any financial benefits on the Government or permit it any control over the company's ordinary commercial dealings.

The plan is that, subject to the outcome of today's meeting, the prospectus giving final details of the offer price will be issued before the end of this week. Applications for shares must be made before May 10.

British Gas set to reopen row over supply deal

BY DOMINIC LAWSON

THE CONFLICT between the Government and the British Gas Corporation over the prospects for further UK North Sea gas developments will be rekindled this week.

Tomorrow the Department of Energy is expected to publish its annual review of UK oil and gas prospects and developments, known as the "Brown Book." This is likely to show the nature of the recent gas discoveries, which the Government used as the main argument for its veto of British Gas's cherished plan to import $30bn of gas from Norway's Sleipner gas field.

Also tomorrow, Sir Denis Rooke, the chairman of British Gas, is to appear before the House of Commons Energy Select Committee, as part of its long running enquiry into UK gas depletion policy. Sir Denis, who has hitherto kept a public silence on the veto, is likely to tell Members of Parliament that the deal was crucial to the security of UK gas supplies in the next decade, and that British Gas still has grave doubts that the UK will be self sufficient in gas in that period.

Sir Denis Rooke

The Government, in rejecting the Sleipner deal said that 6.2 trillion (million million) cubic feet of gas was discovered offshore the UK last year. But the Brown Book is not necessarily expected to show an actual increase in the total of proven probable and possible reserves, but a more favourable realignment between the three classes of reserves.

British Gas' argument with Government is not so much about the sale of possible gas reserves but about the speed with which such gas could be actually produced.

It had been hoped that this year's Brown Book would for the first time give a separate, detailed, and scientific assessment about the prospects for onshore oil discoveries in the UK. The greatly increased rate of oil company drilling onshore has given the Department of Energy sufficient information to make its first public projections of onshore oil prospects. But it is believed that the review of onshore prospects will not now appear until next year's Brown Book.

The Brown Book will also illustrate the success of the campaign by Mr Alick Buchanan-Smith, the Energy Minister, to involve UK companies more in North Sea contracts. The Brown Book will show that the share of British industry in the highly competitive North Sea drilling market has risen by 60 per cent over the past year.

The figures will show that last year the UK won £231m of the £385m orders placed by companies drilling exploration and appraisal wells in the North Sea. In 1983 the UK won only £152m out of contracts worth a total of £462m.

New boost for launch of TV in parliament

By John Hunt

THE CHANCES of both houses of parliament being televised on a permanent basis have been improved by the disclosure that Mrs Margaret Thatcher, the Prime Minister has dropped her long-standing opposition to the introduction of the cameras.

She feels that proceedings of the Commons should be televised on big occasions and also favours it for Prime Minister's question time which is held twice weekly.

One reason for her change of mind is the argument being put forward by Lord Whitelaw, Government Leader in the House of Lords, that TV would improve the behaviour of some of the wilder MPs.

It is believed that it might put a stop to the scenes that occurred last week when Labour left-wingers prevented Dr David Owen, SDP leader, taking his normal seat.

The die-hard opponents of TV will, however, not be convinced. They believe the cameras would only encourage such behaviour.

There could still be a long way to go before such opposition is overcome. A suggestion that the Lords might continue with their TV experiment after the summer recess, when the original six months is up, has angered some peers.

If it is to continue on an ad hoc basis while the Lords Broadcasting Committee reports on the six months experiment then a resolution would have to be approved by the Lords. The opponents claim this would meet stiffer opposition than expected and that, contrary to the widely accepted view, many peers who originally favoured TV have now changed their minds as a result of experience.

Unions fear Elkem's talks may lead to steel plant closure

BY NICK GARNETT, NORTHERN CORRESPONDENT

ELKEM, the Norwegian metals group, has been holding discussions with British steel producers on the prospects for further rationalisation and mergers within billet, bar and rod production.

Union representatives at Manchester Steel, Elkem's British subsidiary, called a mass meeting of the company's 650-strong workforce yesterday to express anxiety about the company's future.

Mr Eddie Lynch, national organiser for the Amalgamated Society of Wire Drawers and Kindred Workers, said after the meeting that he believed Allied Steel and Wire, jointly owned by the British Steel Corporation and GKN have made cash proposals to the Oslo-based group involving the closure of Manchester Steel's plants in Manchester and Bidston, Merseyside.

This has not been confirmed nor is it yet known what progress has been made in negotiations between Elkem and other steel producers. Manchester Steel's British management is unaware of any proposal to close all or part of its operation and discussions might have centred on shutting capacity other than that of Manchester Steel's.

Elkem has been rationalising some of its operations in Norway and recently announced its merger with the Norwegian state-owned steel producer Norsk Jernverket. That merger takes effect within the next two months.

The private steelmaker, Sheerness Steel, together with Allied and Tempeborough Rolling Mills – the latter like Allied half owned by BSC – put together a £16m package at the end of 1982 in an attempt to entice Elkem to shut its British operations and relieve the industry's over-capacity.

Elkem eventually decided to keep Manchester Steel operating after the commitment from its British management and unions to cut yearly production capacity from 500,000 to 300,000 tonnes, reduce the workforce by 170 and reduce costs by £2.5m.

Under Mr Ken Knaggs, Manchester Steel's managing director, that cost-saving programme was successfully completed. The company has a good productivity record but has been adversely affected by a dramatic rise in the price of scrap, its principal feedstock. Recently scrap prices have appeared to stabilise.

The mass meeting yesterday in east Manchester whose basic heavy industries suffered a huge contraction over the past decade, decided to set up an action committee to oppose any closure decision.

Shop stewards and Mr Bob Litherland, the local Labour MP have sent a telex to Mr Kasper Kielland, Elkem's president, seeking clarification of the group's intentions. The unions are also seeking a meeting with Mr Knaggs today.

Mr Vincent Mulvaney, electricians' union (EEPTU) convener at the Manchester site, said the unions had to remain optimistic that the company would remain in business.

Food processors 'dropping behind overseas competitors'

BY CHRISTOPHER PARKES

THE BRITISH food processing industry is falling behind its main competitors in France and West Germany and action is needed urgently if it is to make up the lost ground.

A report just published in London says that while the UK has the necessary scientific know-how, this and other basic strengths need to be better applied.

The Technical Change Centre, reporting after an 18-month investigation, says the industry is also held back by the lack of reliable food processing equipment.

Most urgently, however, the report recommends four main actions to bring the British business up to par with Europe:

- Redistribution of scientists and engineers between research, development, production, financial and marketing departments. This should help to increase the range of research and development (R&D) projects and increase "the desire and ability" of production and marketing staff to use the fruits of R&D for innovation.
- Improvement of management performance in production planning and control, in integrating production and marketing and in creating efficient work patterns.
- Increased emphasis on recruitment and training to raise average mental and manual skills in the industry.
- Greater investment in new technology.

Most of the senior food industry executives interviewed for the study ciriticised the performance of British food processing equipment.

"With the exception of two companies, the performance of the British suppliers was said to be markedly inferior to that of foreign competitors, particularly in packaging equipment," the report says.

The UK industry is also hampered by relatively low capital expenditure and concern that attempts at innovation may be frustrated – as has happened in the past – by European Community rules or even consumer resistance.

The report points out that until recently British R&D expenditure as a percentage of value added in production was substantially higher than in France and Germany.

The UK Food Processing Industry: Opportunities for Change, The Technical Change Centre, 114 Cromwell Road, London SW7 4ES. £10.

Britain loses labelling plea

BY DAVID CHURCHILL AND RAYMOND HUGHES

CONSUMER groups have given a mixed reaction to the European Court's ruling that Britain must stop forcing traders to give country of origin information on labels.

Under British legislation certain goods – such as shoes, clothing and cutlery – have to have their country of origin identified on labels. The European Court has ruled that this prevented free trade within the EEC.

Both the National Consumer Council and the Consumers' Association yesterday made clear that the court's ruling was not a blow to consumer protection in the UK.

"We feel that country of origin marking does not really tell the consumer anything," the Consumer Association said. "Consumers want a lot more detailed information about other issues on labels rather than country of origin."

The National Consumer Council agreed, adding that it would be concerned if the ruling prevented manufacturers from putting origin information on labels. "The court ruling does not appear to stop manufacturers putting this information voluntarily," a spokesman said.

The case had been brought before the Luxembourg Court by the European Commission, which argued that the Trade Descriptions Origin Marking (Miscellaneous Goods) Order, which came into force in January, 1982, was contrary to Article 30 of the EEC treaty, which provides for the free flow of goods within the Community.

The Commission claimed that the Order, requiring origin marking of four categories of goods, clothing and textiles, domestic electrical appliances, footwear and cutlery would encourage retailers to choose to sell only goods that were already origin marked.

Manufacturers would therefore feel obliged to mark their products, which would increase the production costs of imported articles and make them more expensive.

The UK argued that the Order applied to imported and national goods alike and that its effect on trade between EEC states was uncertain, if not non-existent.

It also argued that the order satisfied the requirements of consumer protection. UK consumers associated the quality of certain goods with the country in which they were made. For example, they liked to know whether leather shoes had been made in Italy, woollen knitwear in the UK, fashionwear in France and domestic electrical appliances in Germany.

Last of the clicking telephone exchanges

By Jason Crisp

THE POST Office installed Britain's first automatic telephone exchange at Epsom, Surrey in 1912. It was built in Liverpool using the latest U.S. technology – the Strowger step-by-step exchange.

Last week, some 73 years later, Plessey delivered its last Strowger exchange to British Telecom marking the end of an era of electromechanical telecommunications. The clicking and clacking Strowger exchanges are still widely used throughout the British telephone network and will be for some years.

The basic design was developed by Mr Almon Strowger, a Kansas undertaker. He did it to thwart his main rival whose wife was an operator on the local telephone exchange and who was diverting Mr Strowger's calls and business to her husband.

Strowger exchanges have been much refined over the years. But they are still expensive to make and maintain, they occupy a lot of space and need careful adjustment. Today's electronic exchange – such as System X – occupies a fraction of the space and is thousands of times more reliable.

The jerky and twisting movements of the Strowger exchanges making connections are fascinating to watch. When films or television show a telephone exchange it is nearly always Strowger. The modern exchange looks, and is, like a computer with all the action taking place in the depths of a microchip.

At one time companies like Plessey and GEC Telecommunications employed tens of thousands of people making Strowger equipment. Employment at Edge Lane has been cut dramatically as orders for Strowger have fallen and the company switches to the largely automated production of digital, electronic exchanges full of printed circuit boards.

Plessey says it has made over 300,000 racks of Strowger equipment since 1912. The Edge Lane factory, once one of the largest employers in Liverpool, made exchanges which were shipped to 80 overseas administrations – a reminder that Britain once held 25 per cent of the world market for telecommunications equipment.

Heathrow car hire battle intensifies

BY ARTHUR SANDLES

THE CAR rental war at Europe's most lucrative hire point – London's Heathrow Airport – intensifies this week as Budget the U.S.-based franchise group, puts up its signs within the airport terminals and threatens a "new approach to deliver more business across the board." The Budget arrival has not been without a degree of bitterness. The U.S. group replaces the only UK-based major, Swan National which was outbid by Budget in contract applications from the British Airports Authority (BAA) Budget joins Hertz, Avis and the French-owned Godfrey Davis/Europcar.

Swan National, a subsidiary of the Trustee Savings Bank, is not taking the loss of a prime rental location lying down. The BAA has agreed to its cruising the airport with air-conditioned coaches which will whisk customers away to an off airport centre, luring them with free coffee and in-coach telephones.

Meanwhile, the authority itself is about to launch an extensive poster campaign, similar to that already running for its duty free shops, to urge more people to use the airport for car rental.

By midnight tomorrow, Swan National must close its operations within the Heathrow terminals and over the following 24 hours Budget is likely to face an immediate demand for hundreds of cars. Budget's normal aggressive pricing and publicity stance is likely to be followed and accentuated.

"Because it is the single biggest car rental location in the country and attracts so many foreign visitors, the Heathrow market has been traditionally less competitive than markets elsewhere" said Mr Peter Crouch, Budget executive vice-president.

Budget points to Detroit where its arrival at the airport was followed by a 58 per cent rise in rentals and Miami where a 36 per cent rise was seen.

To deal with its displacement, Swan National has bought six luxury coaches which will serve as a link between the three present Heathrow terminals and the nearby Crest Hotel. Each terminal will be visited every five minutes.

Swan is saying that customers will be dealt with faster this way than they will be by the in-terminal companies. "We see the introduction of luxury coaches as the most efficient and most comfortable way of speeding our Heathrow customers through to their final destination," says Mr Tony Grimshaw, Swan National managing director.

Strong sales gain for Land Rover in quarter

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND Rover, the four-wheel drive subsidiary of BL, claimed yesterday that its Western European sales were off to a flying start in the first quarter of 1985.

Sales of vehicles with the Land Rover badge in continental Europe were the highest since 1981 while registrations of Range Rovers were the best since the company started collecting the statics in 1980.

Land Rover sales advanced from 886 to 1,097, or 24 per cent, while those of Range Rover moved up from 1,509 to 1,602 or 6 per cent in the first quarter compared with the same months last year.

The company said that Range Rover sales have advanced steadily in continental Europe since 1981 when the four-door version was launched. In March the marque put up its best-ever monthl with 602 registrations (458 in March 1984).

Land Rover-badged vehicles sales have also benefitted from the launch of new models – first the 110, while is now making headway in continental Europe, and more recently the 90, a short-wheelbase Land Rover.

Registrations in the UK have also improved substantially in the early part of this year compared with the same period of 1984. After 20 days of April, Land Rover sales were up by nearly 18 per cent, from 2,127 to 2,509, while those of Range Rover had improved by nearly 12 per cent from 1,049 to 1,172.

Japanese in UK study

By Richard Evans

MORE THAN 12 Japanese manufacturing companies are expected to visit the UK shortly after an investment-seeking trip to Japan by nine country councils and development agencies.

The UK organisations, which included the Scottish Development Agency, the Welsh Development Agency and the Northern Ireland Industrial Development Board, presented their case to more than 200 Japanese companies interested in the possibility of setting up in Britain.

Chemicals output up

BY TONY JACKSON

CHEMICALS output rose strongly in the third quarter of last year, with volume 4 per cent ahead of the second quarter. Provisional government figures indicate that there was no further growth in the fourth quarter, but that volume picked up again in the first two months of 1985.

In last year's third quarter, import volume fell by 3 per cent, largely because of the weakness of sterling. But in the first nine months overall, imports were 17 per cent higher by volume than in the same period in 1983. Exports rose over the nine months by 8 per cent, with almost no growth in the third quarter.

All sectors of the industry improved output by comparison with third quarter 1983. The best performance came from fertilisers, where volume was up by 23 per cent. Inorganic chemicals produced a rise of 9 per cent, but organic chemicals were up by only 4 per cent, and plastics by 7 per cent.

In some cases, the latest output levels still fall short of the peaks recorded in 1979.

145

In 1983, this country made a profit of £430 million from our aviation industry.

And last year, the tourists who were flown into Britain spent over £4·25 billion in our hotels, theatres, pubs and shops.

This business continues to grow at a rapid pace, bringing even more money into the country and providing more jobs.

So much so, that forecasts indicate that in future years London's airports will find themselves unable to cope.

The airlines would have to look to Holland, France and Germany to deposit their passengers, their freight and their money.

The report of the Airports Inquiries 1981-1983 was recently published.

It concluded that the London airport system (of Heathrow, Gatwick, Luton and Stansted) can remain at the centre of the world's airline industry only if it expands.

The report forecast that by the next decade the demand can only be met by an increased capacity in the south-east, which means expanding Stansted Airport and building a fifth terminal at Heathrow.

Every effort should be made to develop the regional airports, but their expansion alone could not meet the future demands of the south-east.

Unless the above recommendations of the Inquiries are acted upon swiftly, the aviation industry will suffer.

Which will mean the country loses revenue and loses jobs.

We wish to see a civil aviation industry that has the freedom to grow to its full potential.

Not one that has had its wings clipped.

AIR UK · BRITISH AIRPORTS AUTHORITY · BRITISH AIRWAYS · BRITISH CALEDONIAN AIRWAYS · BRITISH MIDLAND AIRWAYS · DAN AIR

Letters to the Editor

Pension fund managers

From the Managing Director, Provident Mutual Managed Pension Funds

Sir,—I would like to offer some comments on your recent correspondence on currency hedging. Given the existence of performance league tables, the fact of life for pension fund managers is that we are judged inter alia by our position in these league tables. Typically trustees are expecting us to produce above average (or even upper quartile) returns, although I hasten to add that the time frame for this assessment is probably in excess of two years. This is not unreasonable since pension fund trustees appoint one manager in preference to another in the hope that the one selected will produce the better performance. This merely reinforces what is fairly obvious. Investment managers make decisions with the objective of improving the return on the fund. This is what they are paid for.

Turning to the question of currency hedging, there may well be a long-term positive correlation between economic performance, currency values and indeed stockmarket prices, but the variations about any such long-term trend are large in size and extended in time. Furthermore the variations in currency value from trend are not necessarily coincident in direction and timing with the variations in stockmarket prices. The investment manager's job is surely to act on his judgement about overvaluation or undervaluation of the assets in which he invests. I see no reason why he should not take a different view as between the currency and the underlying equity stock or bond and act accordingly. For instance I see no distinction in principle between a decision to sell U.S. stocks and hold the cash realised in U.S. dollars and a decision to hedge part of a U.S. dollar portfolio.

I would also point out that it is incorrect to conclude that the use of forward currency sales to reduce the currency exposure implicit in an overseas portfolio is inevitably a short term decision taken for short term gain. Since forward premia or discounts reflect short term interest differentials, a five-year hedging operation based on three month forward currency sales rolled over throughout the period would give in principle the same result as a five-year back to back loan subject to three monthly interest rate reviews linked to LIBOR. The forward sale method is rather more flexible and probably cheaper.

Finally I would say that, as an investment manager who for good long term reasons hedged part of the U.S. dollar exposure of his funds far too early I am kicking myself for not having taken a shorter term view!

C. E. Hughes.
25-31 Moorgate, EC2.

Currency hedging

From Mr A. Threadgold

Sir,—I read with interest Mr Jecks' letter April 19 commenting on Mr Freethy's letter and the earlier article by Eric Short dealing with dollar hedging by UK pension funds.

The attitude of pension funds to risk is critical in determining their approach to hedging currency risks. A major rationale for pension funds diversifying their asset portfolio overseas is risk mimimisation. By holdings assets in a number of overseas markets and overseas currencies, where the historical and expected correlation between sterling returns in these markets and UK returns is relatively low, and on the basis of expectations of sterling returns on average not necessarily higher than in the UK, the expected variability of returns about a given mean return will be less for an internationally diversified portfolio than for one limited to UK instruments.

This diversification strategy is, however, predicated amongst other things, upon some estimate of the variability (in sterling terms) of returns from various overseas markets. Should the estimate of expected variability be revised upward substantially as the result of, say, greater uncertainty about the U.S. dollar, the optimum portfolio distribution would contain a lower proportion of U.S. assets. One logical solution would be to sell a proportion of the U.S. assets, but this may be impractical if the sums involved are large, or undesirable if the period of increased uncertainty is likely to be finite, so that at some stage in the future U.S. investments might be built up again. It is cheaper, therefore, to reduce the risks of the portfolio (to reduce the expected variability) by hedging, that is acquiring a dollar liability to match a part of the dollar assets. This can be done in a number of ways, by borrowing dollars for a fraction of the dollar assets to reinvest in sterling, by a forward currency contract again for some fraction of the dollar assets, or alternatively, by buying (sterling call) currency options.

It needs to be emphasised that on these grounds the hedge would be partial, in order to reduce uncertainty or expected variability only to that level which was acceptable when the international diversification strategy was first implemented. In addition, it is uncertainty about the dollar which is relevant: investment managers do not have to believe that they are better at predicting the dollar/sterling rate than the market (as represented by the forward rate) to justify hedging. Rather the uncertainty about future sterling returns for U.S. investments became unacceptably high, and investment managers sought to reduce the risks by acquiring some dollar liabilities to partially match their dollar assets. This is a classical hedging strategy. Mr Jecks is thus wrong to call this currency speculation. The objective of some pension funds in hedging the dollar during the last year has clearly been risk reduction —a more certain fund performance—rather than necessarily an improved performance.

A. R. Threadgold.
PosTel Investment Management, 48, King William Street, EC4.

More letters on Page 19

An irrelevant operation

From the Secretary, Superannuation Arrangements of the University of London

Sir,—I read with interest the letter (April 19) from Keith Jecks commenting on Norman Freethy's earlier letter about hedging and UK fund performance as revealed in the Cubie, Wood report.

While it is quite possible that both Mr Jecks and Mr Freethy have managed to reach a level of mutual incomprehension, I think it would be valuable to make two specific points from a fund manager's rather than an adviser's point of view.

We certainly accept Mr Jeck's view that we are in overseas markets because of the long term strengths of these markets, and to that extent hedging is an irrelevant operation. We also recognise however, that there will be short term changes in our portfolio stance, and we regard currency hedging as essentially an insurance policy on the short term flow of funds. Given the facility to roll hedges over, and increasingly the use of more sophisticated paper instruments, I would not accept that this form of insurance policy is totally inappropriate

The second point is the very short term nature of the measurements by (not only) Cubie, Wood. In making a comment which refers to a single year's experience, they ought, I submit, to include some kind of health warning to the effect that paying attention to short term problems can seriously damage your finances. Mr Jecks indeed makes this point in his letter, and in my experience it is insufficiently emphasised in the published reports which sometimes influence trustees to an excessive degree.

N. A. Ryan.
4 Gower Street, WC1.

CONTRACTS

North Sea awards total £13m

Four contracts worth a total of about £13m have been awarded for the conceptual design of the Shell-Esso Gannet project fields in the central North Sea. They are: For the topsides design of the Gannet central platform. The contractor is a joint venture between **WIMPEY OFFSHORE ENGINEERS AND CONSTRUCTORS**, and Bechtel GB, UK subsidiary of an American company. For the topsides designs of the satellite platforms. The contractor is **WORLEY ENGINEERING**. The central platform's substructure design goes to **JOHN BROWN OFFSHORE STRUCTURES**. The satellite platforms' substructive designs goes to **ATKINS OIL AND GAS**.

★

A contract worth £12m for a 400 kV overhead transmission line linking Torness and Eccles, Scotland, has been awarded to **HAWKER SIDDELEY POWER ENGINEERING** by the South of Scotland Electricity Board. The contract includes dismantling 25 miles of existing 132 kV overhead line between Dunbar and Eccles. Equipment included comprise; tower steelwork supplied by Painter Brothers and Haddingtonshire Fabricators, insulators and fittings from Doulton Insulators and aluminum alloy conductors supplied by Aluminium Wire and Cable Co, an associate Hawker Siddeley Group company. Construction starts this month with completion scheduled for September 1986.

★

BRENGREEN (HOLDINGS) subsidiary Wastedrive has been awarded a contract by the Royal County of Berkshire. The contract, which will be worth around £10m and which will run for a period of ten years, requires Wastedrive to operate three household waste sites, to build and operate a refuse transfer station and to provide transport for the disposal of around 100,000 tonnes of waste per annum.

★

A £9.7m contract for the Statesman and Ambassador push button telephones has been awarded to **TMC** by British Telecom. TMC has a further contract to provide 1700 KT1 multi frequency telephones for the Palace of Westminister as part of a re-equipping programme, TMC is the UK telecommunications business of Philips.

★

An upgrading scheme for the Beypazari Lignite mine in Middle Anatolia, Turkey, has resulted in a contract worth £4m for the supply of electrical equipment, being awarded to a consortium of several UK companies headed by **BRUSH TRANSFORMERS**, a Hawker Siddeley company. The client is Turkish Coal Enterprises (TKI). Brush Transformers will be supplying 28 flameproof transformers rated at 500 kVA and 65 flameproof 6.3 kV SF6 switchgear units, while Crompton Parkinson Cables, another Hawker Siddeley company, will be supplying more than 120 km of cabling. Other subcontractors include: Baldwin and Francis, John Davis and Son (Derby), and Becorit (GB). The project is part of a joint EEC-ODA programme of special aid to Turkey.

★

A joint venture of **BALFOUR BEATTY CONSTRUCTION INTERNATIONAL** and **DAVY McKEE (LONDON)** has signed a contract with the Development Company of the Hainan administrative region of the Peoples Republic of China. The contract is for the study and preparation of a master plan for the development of the Yang Fu industrial zone and is scheduled to cost more than £2m. It is due for completion within one year and covers the development of a gas based industrial complex and the complete social and commercial infrastructure covering major harbour works, power supply and other services for a city of 250,000 inhabitants. Covell Matthews International Partnership and F. C. Foreman and Partners have been retained by the joint venture to assist in the town planning and services aspect of the study. Balfour Beatty is a member of the BICC Group.

★

REDIFFUSION SIMULATION, Crawley, has a contract worth about £6m to provide a Boeing 747 Jumbo jet flight simulator to Air France. The simulator, to be installed at Air France's flight training centre in Paris in late 1986, will incorporate Rediffusion's latest technology in all aspects of flight simulation.

U. S. DEFENCE INDUSTRY

General Dynamics and the Veliotis tapes

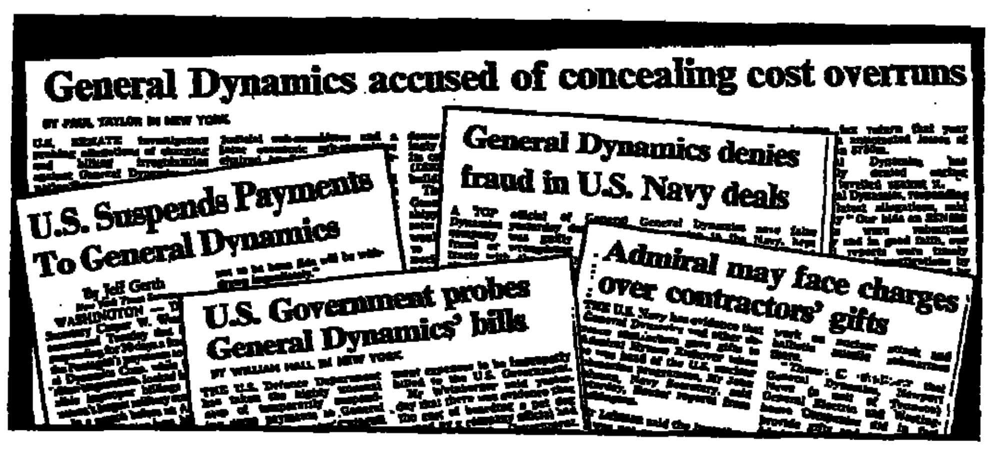
By Andriana Ierodiaconou in Athens

SINCE JANUARY 1984, a caravan of United States federal investigators from the Justice Department, Congressional and Senate Committees, the FBI and the CIA has beaten a track to the luxury villa of Panayiotis Takis Veliotis in the pine-forested suburb of Ekali, on the northern outskirts of Athens.

Mr Veliotis, a former executive vice-president and board member at General Dynamics (GD), arrived in Greece on September 1 1983, just one week ahead of a federal indictment for allegedly taking US$1.35m in kickbacks from a GD subcontractor while managing the company's shipyard at Quincy, Massachussetts in the early 1970s.

But the federal officials knocking on Mr Veliotis' door are more interested in the information he can give them on GD's business practices, now under a sweeping scrutiny—most of it contained in a series of a dozen or so tapes of telephone conversations which Mr Veliotis says "it is fortunate" that he kept between 1977, when he took over the management of GD's ailing electric boat yard at Groton, Connecticut, and 1982, when he quit the company under the cloud of the kickback charges.

Places, names and dates supplied by Mr Veliotis early last year prompted the U.S. Justice Department to reopen the inquiry into GD's mid-1970s multi-million dollar cost overrun claims on U.S. navy submarine building programmes. A 1978 inquiry was closed three years later because of "insufficient evidence": Mr Veliotis alleges that his tapes contain "indisputable" evidence that the claim—which he himself helped defend while at GD—was fraudulent. He claims that GD knew but kept secret that cost overruns for the submarines would run to more than $1bn and that these were caused by mismanagement and not design changes requested by the Navy as GD has suggested. "The tapes show that we never told the truth to the Navy, we never told the truth to our shareholders, we cheated and cheated and cheated," Mr Veliotis said in an interview.



Moreover, if Mr Veliotis is to be believed, there has been massive corruption in the higher echelons of the U.S. Defence industry, allegedly involving senior U.S. administration officials, past and present. "This story is like Watergate, only the President hasn't been involved," Mr Veliotis maintained.

Of his own involvement in the business practices he now condemns, Mr Veliotis said: "With hindsight, we shouldn't have done it."

Mr Veliotis claims there have been three attempts on his life since he began to talk to the Justice Department in January 1984, and that his family has received threatening phone calls. He has nevertheless chosen to co-operate "fully" with the Justice Department to whom—as well as to the press—he has handed all but "about 20 per cent" of his taped material. In addition to documents, the originals of the tapes still in his possession are kept in a bank vault in Switzerland and copies in a second bank vault in Athens. His Greek lawyers have instructions to release the material on his death.

Mr Veliotis maintains, however, that for the Justice Department to make a "foolproof" case, his return to the U.S. to testify will be essential. He is unequivocal about the terms under which he would go back: "They would have to drop every charge they have against me. Why should I put myself in jeopardy?" He is also belligerent about the kickback charges: "I don't consider myself a fugitive," he said. "If the U.S. has something against me, let them come and sue me here."

Mr Veliotis makes no secret of his dislike of Mr Lewis. He rejects the GD chairman's assertion that his role in the GD case is purely an exercise in personal revenge.

But he admits that he first began talking to the Justice Department last year after GD presented a U.S. attorney with what it asserted to be fresh evidence on the Veliotis kickbacks case. In Mr Veliotis' scenario GD acted against him after learning, in January 1983, that he planned to buy the company for $100m in upfront money and a $2.5bn debt. The plan, which Mr Veliotis calls "ambitious but simple" would have kicked off with a surprise run on the stock, then selling for about $30, using newspaper advertisements offering $50-55.

In Mr Veliotis' view, how far the current wave of investigations against GD will go, will depend on political decisions taken by the White House. "If Mr Reagan and his advisers feel that it would not be good for the defence budget for all this stuff to come out they may try to quieten it down."

He maintains that changes in U.S. defence procurement policy are needed and has started writing a book detailing "a new way of handing procurement . . . which won't be foolproof but will be an improvement." Stretching back in his deep leather armchair Mr Veliotis smiles: "There are going to be developments, I know what they're going to be for me: come May I'm going sailing."

'A lightning rod for everyone's criticisms'

THE PAYPACKET—including stock options and other items—of Mr David S. Lewis totalled $3,101,493 last year, ranking the 67-year-old chairman of General Dynamics as the fourth highest paid executive in the U.S.

With that salary and a reputation as the man who turned around the ailing company in the 1970s, rebuilding it into the nation's largest defence contractor, Mr Lewis might reasonably expect to glide gracefully towards retirement.

But it seems that is not to be. Over the past few months the silver-haired Mr Lewis has found himself and his company at the centre of a growing controversy fuelled in part by a veritable firestorm of allegations levelled by a former senior GD executive Mr P. Takis Veliotis.

For Mr Lewis, a keen observer of military strategy, this is an unusually defensive battle on unfamiliar terrain. It has required him to appear in Washington's congressional committee rooms, where he has faced embarrassing questions about corporate expenses and "ill-advised" jewellery gifts to an admiral's wife. "General Dynamics has become a lightning rod for everyone's criticisms of the defence industry," says Mr Wolfgang Demisch of First Boston.

In an era of massive defence spending and lucrative new Pentagon contracts, GD has become one of the fastest growing companies in the nation and now ranks as the 44th largest industrial company in the U.S.

The company's order book reads like "What's What" in modern military hardware. Among the group's major products are F-16 fighters, Tomahawks, cruise missiles, Trident nuclear submarines and M1 tanks. Last year military contracts accounted for 86 per cent of GD's total sales of over $7bn. Profits have also soared. GD's net earnings have grown from $124m in 1981 to $381.7m last year.

But now the ground rules are changing. "Defence contracts are being asked to stand up and take it on the chin," says Mr Robert Kugel of Morgan Stanley. "All the stops are being pulled out."

The investigations centre on allegations that GD has overcharged the Pentagon and actively engaged in a wide range of unethical behaviour.

A few weeks ago Mr Lewis appeared for the first time since the allegations against GD began 14 years ago, before some of his would-be accusers.

"General Dynamics," he declared "is an honest and reputable company. Its people operate in accordance with the highest ethical standards." To press his case Mr Lewis added that his company is being "badly maligned" by "individuals who place opportunity for personal gain above their company's requirements for high ethical standards."

But apparently not everyone agreed. Five days after Mr Lewis's Congressional appearance Mr Casper Weinberger joined the attack on GD suspending all administrative payments to the defence contractor—payments which total $30m to $40m a month.

In an unusually candid explanation of the action, the Pentagon explained that the suspension was part of a "get tough" attitude with defence contractors. The Defence Department added that it considered the billing irregularities uncovered by Congressional investigators—including $18,650 in country club fees for executives, hundreds of thousands of dollars in corporate travel expenses and in one case, the costs of boarding a dog owned by a GD official were "nauseating."

Since then, Mr Lewis and GD have offered to repay $23m in questioned payments—in the light of today's (changed) environment—only to face new charges from Pentagon auditors and others.

Among these, Defence Department auditors have charged that GD overcharged $244m on military contracts in the past decade. Separately a Senate committee has alleged that GD "in effect kept two sets of books" early in the 1970s, hiding massive cost overruns and contract delays on nuclear attack submarine contracts from the U.S. Navy — allegations strenuously denied by GD's treasurer in Congressional testimony last week.

Despite consistently denying any "wrongdoing," GD could face even more damaging allegations. At least one of the Federal Grand Jury investigations currently underway could result in criminal charges against GD officers, possibly linked to earlier investigations which were swept aside by the Justice Department because of "insufficient evidence."

Since then, however, Federal investigations have found a new and eager "canary" more than willing to "sing" about alleged wrongdoings by his former employer.

Takis Veliotis, a former GD executive vice-president and board member, is currently a fugitive from Federal kickback charges totalling $1.35bn. But in recent months he has become a central figure in the investigations against GD.

For the moment however, although Wall Street has, in Mr Demisch's words, "savaged GD shares" in recent weeks, most analysts believe the charges are little more than a "thorn in the company's side."

They note GD's balance sheet is strong, with only $80m in debt at the end of 1984 and $180m in cash, and they believe that GD, like other major U.S. defence contractors, has stashed away a hidden reserve in its balance sheet to cover any general administration charges it might have to pay back to the Pentagon.

Although there has been mounting speculation that GD might ultimately be forced to make senior management changes as a result of the charges, most Wall Street analysts do not believe there will be any early "sacrifices."

Wall Street is inclined to believe Mr Lewis will ride out the storm. He is believed to still have the strong backing of the powerful Crown family which, under 88-year-old Colonel Henry Crown, holds a 23 per cent stake in the company.

If other shareholders feel the same way, Mr Lewis should count on a somewhat better reception at GD's annual meeting on Thursday than he has recently received elsewhere.

Paul Taylor
New York

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Debenhams

Separate but together

David Churchill examines the unusual departmental structure of the UK stores chain

"DEPARTMENT stores are a pretty stupid business," asserts Bob Thornton, chairman of the Debenhams department store group which in recent weeks has been the City's favourite tip for a takeover. "It's pretty obvious why they fail—they try to sell merchandise in space they should have shut down."

The share of the total retail cake taken by department stores in Britain has been in decline for many years. In the early 1960s they had a good 10 per cent; now they can claim only 4.5 per cent. But Thornton's lack of faith still seems surprising.

Debenhams is a special case, he maintains: "We have a future because we don't behave like a traditional department store."

Over the past two years Thornton has developed a new organisational structure at Debenhams which is effectively transforming the company from a centrally-controlled department store chain into a provider of prime retail space for rent in the High Street. Space is rented out to Debenhams' trading departments, which then have the responsibility to make the business work. It is a complete reversal of the trend in British retailing over the past decade, during which centralisation has been the name of the game as the financial stakes involved have grown higher.

Under the new structure, Thornton has split the main trading departments into 10 separate companies which have total responsibility for hiring staff, buying merchandise, and selling it throughout the Debenhams chain. If these companies cannot sell enough merchandise at sufficiently high margins, they cannot pay the rent on the retailing space occupied. "Our people have to face up to the fact that unless a product earns its keep, we're not going to keep it just out of nostalgia," warns Thornton. "Before we brought in this structure, each department was clamouring for more space—now they want less."

Thornton, an ex-personal assistant to Lord Sieff of Marks & Spencer, bubbles with enthusiasm about his new approach to retailing. The City, however, takes a more sanguine view about his prospects for finally turning Debenhams into the profit spinner it should be; it has seen too many "false dawns" at Debenhams over the past decade to do anything other than adopt a "wait-and-see" attitude to the latest changes. Many City analysts are rather more impressed with Debenhams as a takeover candidate for either Phil Harris of Harris Queensway or Sir Terence Conran of Habitat/Mothercare. Debenhams' current share price certainly reflects bid speculation more than retail strength in the High Street.

Thornton, who joined Debenhams ten years ago, accepts some of the blame for taking so long to get a tighter grip on Debenhams problems. "As a new broom I was in a position to sweep everything clean," he recalls. "Instead, rather painfully, and very, very slowly, we traded out of the mess."

That "mess" meant that in 1974 the company was losing about £100,000 a week with borrowings of over £100m. Its latest financial results are due out next month and City expectations are for pre-tax profits around £42.5m. In its last full financial year (to January 28, 1984) total turnover was £747m and pre-tax profits £32.7m, up from £19.6m.

Thornton's intial strategy for Debenhams was to bring the department stores up to the standards expected of the late 1970s. A lack of investment in the previous decade had left many stores in a rather decrepit state: buildings with six floors and broken lifts, for example.

Moreover, Thornton was faced with a plethora of other problems—weak buying, poor stock control, too much selling space, and too much shoddy merchandise. Debenhams' customers were either too old or too down-market to offer the store much long term hope.

To be fair, Debenhams was not the only department store to be in rather a mess during the 1970s. To varying degrees, all its faults were mirrored in the other leading chains, but their true plight was masked by the rapid price inflation of the 1970s, which enabled department stores and other retailers to cover up low productivity with price increases.

At the same time, department stores fell prey to the growth of specialist multiple chains in all product sectors — from womenswear to electrical appliances. These could provide better merchandise more cheaply and efficiently.

The response of other department store chains was typified by the House of Fraser, the largest chain in the UK. Fraser embarked on a massive capital investment and store re-vamping programme.

Hugh Routledge

Bob Thornton: getting his empire into better shape

Thornton, without the resources of the Fraser group (especially its Harrods flagship), and aware of the competition from the specialists, decided to embark on a different path—a route that has led directly to the latest organisational structure.

In the late 1970s and early 1980s Debenhams started actively seeking other companies to set up "shops within a shop" inside its stores. The logic was that if Debenhams could not develop the buying and merchandising skills itself, it could more effectively acquire them by bringing in outside concessions. Thus companies such as Jaeger and Benetton were lured into setting up shop within Debenhams, paying an economic rent for the space.

Now some 25 per cent of selling space and 30 per cent of department store sales come from concessions, which Thornton says is the probable limit to their degree of penetration.

The policy of bringing in outside concessions established the principle of charging rents on space occupied and the basis for calculating them.

Another development in the late 1970s also paved the way for the current retail structure. This was Debenhams' success with its in-store credit card operation, which was eventually developed into a separate company called Welbeck Finance. It now provides credit card facilities to some 40 other retailers.

"The success of Welbeck made me think about whether we could duplicate this independence in other areas of our operation," explains Thornton.

So in 1983, Thornton identified key departments (initially 16 but now amalgamated into 10) in the stores and set up separate trading companies for each one, spanning all 68 stores. These are: leisure; china and glass; home textiles; footwear; leather and fashion accessories; women's wear; cosmetics; men's and children's wear; store operations; and in-store catering.

Each company has up to four directors, including a chairman who heads more than one company. The directors have total responsibility for running each company for buying, distribution, expenses, promotion, display, and every other aspect of merchandising, from training staff to allocating space.

The trading companies are obviously encouraged to use Debenham's facilities—such as computer payroll—but only if the price is right. Responsibility for ensuring that merchandise ranges do not clash with Debenhams' overall style rests with a director, Helen Robinson, a former executive editor of Vogue magazine.

Concessions that used to be directly responsible to the Debenhams board are now included in each trading company and form part of its operation.

Budgets are set for each company after consultation between Thornton and the various boards. Rents are calculated on the type of space filled and the gross margins on the products sold. The better located and more profitable a department, the higher the rent.

Motivation for directors and staff in each company is provided by bonus schemes and, Thornton argues, by enhanced job satisfaction. "We had a lot of good people working here who didn't know how to make an effective contribution," he says. "Now they are well aware of their responsibilities."

One casualty of this strategy has been do-it-yourself products. Black and Decker Workmates, for example, could only be sold at a price which earned insufficient margins to pay the rent—so they went. Similarly, cans of white paint (the sort of thing you would normally expect to find in any department store) have been elbowed out because their selling price is too low to generate sufficient margins.

Even though Thornton is pleased with the operation of these trading companies, he still recognised that they were not the total answer. "We took the view that there were large areas of the business where we needed something more than just a concession and where we didn't have enough of the right type of expertise ourselves," he says.

So last year Debenhams set up joint companies with Harris Queensway to run the electrical, furniture and carpets departments within Debenhams stores. The venture has not been a happy one so far—losing £4.5m for Harris Queensway in the past year—but both Harris and Thornton maintain that the joint venture is now on the right lines.

But the problems have fuelled speculation that Phil Harris is considering a full-scale bid for the whole department store chain.

Thornton believes that many of the rumours about a possible takeover may have developed because of the new Debenhams management structure, which enables the nine individual trading companies to discuss with whoever they like the possbility of adding concessions or new ranges into Debenhams stores.

"Some of our people did have talks earlier this year with about half a dozen retailers, including Habitat/Mothercare, along these lines," admits Thornton, adding that some of the discussions may still be going on. "But that is a far cry from the merger talks we keep reading about."

Takeover speculation is nothing new for Thornton; it has been with him virtually from the day he took over 10 years ago. He insists it does not bother him. "It adds zest to my performance—it's the condiment on the job if you like."

Thornton has carried out sophisticated financial modelling on the possible scenarios of bid and counter-tactics that could be employed. He maintains that he will do "what is in the best interests of our shareholders" and for him that means developing the current retail approach.

Product strategy

Why a long-term view is needed

Before a bank or building society grants a mortgage it not only checks the customer's ability to repay, but sends a surveyor to inspect the structure of the building in question. So why doesn't the financial community always inspect a company's products, as well as its accounts, before giving it a loan?

The question is asked — frequently — by Merrick Taylor, managing director of a highly successful truck cab producer and engineering design consultancy, Motor Panels (Coventry). He has yet to receive a satisfactory reply.

He certainly failed to do so last week at a seminar in London on design management in the motor industry. But he received plenty of support for his complaint, including from a government minister, John Butcher of the Department of Trade and Industry.

Too many British managers are over-concerned with short-term financial results, at the expense of longer-term product and market strategies, claimed Butcher, attributing part of the blame to the City. Nor did financiers give sufficient recognition to the value of intellectual capital when they assessed the credit-worthiness of a company; they still paid overwhelming attention to physical assets.

Michael Kimberley, chief executive of Group Lotus, the sports car and design consultancy group, agreed that much more needed to be done to influence the British financial community to emulate its Japanese counterparts in taking a longer-term view.

Emphasising the vital role of design in international competitiveness, Butcher called on companies to give their executives as much training in design as they do in finance. In particular, they should be trained how to manage designers more effectively than at present.

"To a large extent, Britain's motor manufacturers are exemplars of what should be done," Butcher argued. All the UK car companies were now offering a full range of internationally competitive vehicles.

John Butcher: wants more training in design for managers

Underlining the minister's message, Austin Rover's design director, Royden Axe, said that his company's strategy now involved giving design a leading role. It had spent £6m "re-creating a design strength," in the form of a 130-strong design team and a central design facility which uses the latest computer technology.

Jaguar's chief stylist, Geoffrey Lawson, gave a similar picture of the upgrading of design, though he admitted the process was at an earlier stage in his company. Both he and Axe cast admiring eyes at the situation within Ford, where design has come to be widely accepted as of equal influence to engineering; at Jaguar, by contrast, the chief stylist still reports to the chief engineer.

The evening seminar, organised by the Society of Industrial Artists and Designers, was the first of four on design management in different industries. The others are: Textiles (April 30); Information Technology (May 7); Leisure (May 21). Tickets price £10 for each seminar from Ms Jillian Boden, SIAD, 12 Carlton House Terrace, London SW1Y 5AH. (Tel 01-930 1911.)

Christopher Lorenz

BASE LENDING RATES

A.B.N. Bank	13 %	Hongkong & Shanghai	12½%
Allied Irish Bank	12½%	Johnson Matthey Bkrs.	13 %
■ Henry Ansbacher	12½%	Knowsley & Co. Ltd.	13½%
Amro Bank	12½%	Lloyds Bank	12½%
Associates Cap. Corp.	14 %	Edward Manson & Co.	14 %
Banco de Bilbao	12½%	Meghraj & Sons Ltd.	12½%
Bank Hapoalim	12½%	Midland Bank	12½%
BCCI	12½%	■ Morgan Grenfell	12½%
Bank of Ireland	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of Cyprus	12½%	National Bk. of Kuwait	12½%
Bank of India	12½%	National Girobank	12½%
Bank of Scotland	12½%	National Westminster	12½%
Banque Belge Ltd.	12½%	Northern Bank Ltd.	12½%
Barclays Bank	12½%	Norwich Gen. Trust	12½%
Beneficial Trust Ltd.	13½%	People's Trust	14 %
Brit. Bank of Mid. East	12½%	Provincial Trust Ltd.	13½%
■ Brown Shipley	13 %	R. Raphael & Sons	12½%
CL Bank Nederland	12½%	P. S. Refson	13 %
Canada Permanent	12½%	Roxburghe Guarantee	13½%
Cayzer Ltd.	12½%	Royal Bank of Scotland	12½%
Cedar Holdings	13 %	Royal Trust Co. Canada	12½%
■ Charterhouse Japhet	12½%	■ J. Henry Schroder Wagg	12½%
Choulartons**		Standard Chartered	‖12½%
Citibank NA	12½%	TCB	12½%
Citibank Savings	¶12½%	Trustee Savings Bank	12½%
Clydesdale Bank	12½%	United Bank of Kuwait	12½%
C. E. Coates & Co. Ltd.	13½%	United Mizrahi Bank	12½%
Comm. Bk. N. East	13 %	Westpac Banking Corp.	13 %
Consolidated Credits	13½%	Whiteaway Laidlaw	13½%
Co-operative Bank	*12½%	Williams & Glyn's	12½%
The Cyprus Popular Bk.	12½%	Wintrust Secs. Ltd.	12½%
Dunbar & Co. Ltd.	12½%	Yorkshire Bank	12½%
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14 %		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		
■ Hill Samuel	§12½%		
C. Hoare & Co.	12½%		

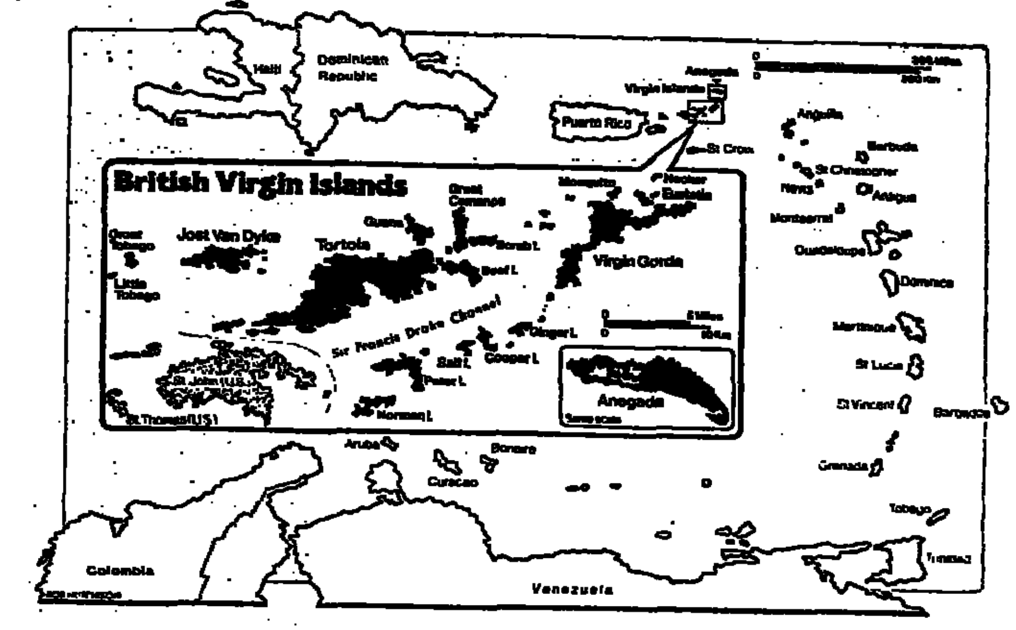
■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%. 1 month 10½%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10½%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9½%.

FINANCIAL TIMES SURVEY

Monday April 29 1985

British Virgin Islands

The development of a dollar economy with no foreign exchange regulations has provided an incentive for investors on both sides of the Atlantic. By Caribbean standards the islanders are relatively well off.



New tax laws attract investors

THE MAIN Government offices in Road Town, Tortola, are located in a modest, two-storey building backing a small, tree-lined square open to the sea. About 100 yards opposite, the water laps the edge of a harbour in-fill project, where the very latest Japanese sports cars buzz along the by-pass.

Yet progress still mixes easily with the past. Only a few steps down Main Street, some hens peck their way lazily through the traffic, disappearing into the jumble of modern stores and low wooden shacks that make up the island's main shopping centre.

The British Virgin Islands have emerged only recently, and very rapidly, from a century of isolation. Road Town, capital of this British dependent territory, has a population of less than 3,000 even today. An hour's jog will take a curious visitor down most of the main thoroughfares.

Behind the centre of the town, the hills rise steeply in a natural, wooded amphitheatre, still largely unspoiled by urban sprawl.

Mr J. R. O'Neal, a 73-year-old businessman and former politician — and probably the first self-made millionaire on the islands — dates the beginning of modern development to World War Two. At that time the American Government began the construction of a submarine base and airstrip on nearby St Thomas, the largest island in the U.S. Virgins, which were acquired from Denmark in 1917.

"The entire population went to work on the projects," says Mr O'Neal, "a lot never returned — they took American citizenship and left."

Even for those who came back, the exposure to an American wage economy and the U.S. way of doing things marked a turning point. Within a few years, the islanders were agitating for a greater say in their own affairs, while cementing their links with their American neighbours. In 1959, the U.S. dollar was made the country's official currency.

Survey written by Terry Dodsworth

The development of the BVI since then has depended on a constant, intricate balancing of its relationship with the UK on the one hand and the U.S. on the other. So far as the UK is concerned, the islanders have a pragmatic, if not particularly sentimental attachment to British rule.

They are probably much keener on maintaining the current colonial links than Westminster itself, partly because the UK supplies financial assistance (though this is declining fast); and partly because the British flag allows the BVI to avoid being overrun by Americans while operating as a peripheral part of the U.S. economic system.

On the American side, the relationship runs occasionally into difficulties. BVI officials complain sometimes about the activities of U.S. Internal Revenue Service inspectors trying to sniff out tax dodgers on the islands; and when the Americans moved to eradicate double tax treaties with Caribbean countries, it was the BVI they attacked first.

Yet the link with the U.S. has enormous attractions to the country. Citizens of the British and American islands move with great freedom between the two.

Americans, for example, can come into the BVI without a passport, so there is no official record of their stay, or their use of financial services on the islands. And the ease of emigration to the U.S., where there is a significant BVI expatriate community, has provided an employment safety valve and a conduit for education over the years.

Even more importantly, perhaps, the development of a dollar economy with no foreign exchange regulations and low taxes has provided an incentive for investors on both sides of the Atlantic.

The first significant inflow of foreign capital, for example, began in the 1960s, when a number of British businessmen bought property on the islands because it was one area where they were allowed to invest in the dollar without going through the premium market of that time.

Later, the islands began to attract attention as a tax haven, as British investors sought to make use of the BVI's double tax treaty with the UK — a loophole stopped up by the British Government in 1971; and the tax haven business continued as foreign investors in the U.S. turned to the BVI's double tax treaty with America to shelter their U.S. equity earnings in particular.

Since the U.S., in turn, unilaterally cancelled its double tax treaty four years ago, the islands have deliberately developed new tax legislation which will attract foreigners wanting to move investments into and out of the U.S.

Proximity to the U.S. has also been the key factor in the creation of the tourist industry. For Europeans, the islands provide an uncomplicated way to invest in a dollar economy without facing the administrative difficulties or the competitive environment of the U.S.

For the Americans, the BVI were a natural market for affluent U.S. holidaymakers. Indeed, it was mainly American investors who saw the initial opportunity to create an up-market hotel and yachting business that would contrast sharply with the mass tourism in much of the rest of the Caribbean.

Since the early 1960s, the old economy, based on agriculture and fishing, has been destroyed. The local population has turned almost exclusively to service industries and wage-oriented employment, leaving the hillside terraces to grass over and sprout shrubs again.

Construction has become a major employer as the islands have built roads, put down telephone lines, developed an electricity network, and begun to pipe water into the main population centres—all within the last 25 years.

Yet this rapid transition seems to have been made without creating undue social problems of the type familiar in the rest of the Caribbean. There is little apparent racial conflict, no obvious deepset poverty, and virtually no unemployment.

This smooth process of development may be due in part to the intimate size of the island community. With a population no larger than a small English town, it is not difficult to establish a consensus among the families and individuals whose opinions count.

In the pre-boom era, the decision makers went along with the notion that the islands would be best served by avoiding the headlong pace of development in the American Virgin Islands, and to a large

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Territory with a colourful past

DISCOVERED by Christopher Columbus on the second of his epic voyages in 1493, the British Virgin Islands remained a Caribbean backwater for the next 200 years.

Practically all the European maritime nations laid claims to the islands at one time or another, and the Spanish worked a copper mine in the region for a while. But the main activity in the 50 or so islands and outcrops which make up the archipelago was piracy—a legacy which lives on in local legend.

Norman Island, now on sale for $6m, was once visited by Robert Louis Stevenson, and is said to have inspired Treasure Island.

The islands, only 38,000 acres in all, have three main land masses—Tortola, Virgin Gorda and Anegada. The development of a plantation economy began in the late 17th century, when colonists brought their slaves over from Anguilla to grow cotton, splitting up Tortola into more than 100 separate estates.

Sugar cane later took over from cotton, as the population grew to a peak of 10,500 in 1805, split between 9,200 blacks and 1,300 whites —figures which were not to be surpassed until the early 1980s.

The decline in population, which fell by 50 per cent over the latter part of the 19th century, was due to the collapse of the sugar plantations. White planters began to drift away from the estates after the emancipation of the slaves in 1838.

The end of this way of life came with the expansion of the sugar beet industry in Europe. For a hundred years to 1960 there were rarely more than 30 whites on the islands.

Recalling what it was like to live on Tortola in this era of semi-isolation, Mr J. R. O'Neal, a local businessman, says people lived mainly by subsistence farming and fishing. This was supplemented by some food exports to the American Virgin Islands, and by cash earned on an annual sugar cane harvesting trip to Santo Domingo.

One of the biggest exports in the 1920s was charcoal—a trade which took off following American prohibition, because the charcoal could be used to conceal whisky shipments to the American islands. "If prohibition had not been stopped," says Mr O'Neal, "the islands would not have a tree left on them."

In the hey-day of the plantations the islands were allowed their own legislature, but this was later abolished as they were brought under the administration of the Leeward Islands.

It was not until 1956 that the colony of the Virgin Islands was established, leading to ministerial government 11 years later and, in 1976, the transfer of responsibility for finance from the governor to the chief minister.

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Heavy dependence on food imports

UNTIL THE arrival of tourism, the British Virgin Islands were agriculturally self-sufficient. There are still many islanders, even quite young men, who remember the days when virtually everyone was involved in working either the land or the sea.

"In the 1920s and 1930s," says Mr J. R. O'Neal, the leading businessman on the islands, "we exported 1,500 head of cattle and 6,000 to 7,000 sheep, goats and pigs. Right into the 1950s we used to send cattle live on deck down to Guadeloupe and Martinique."

Under the pull of tourism, all this has changed very rapidly. The carefully-worked hillside terraces have virtually disappeared. Today imports provide the bulk of the food eaten on the islands.

There are, however, a number of islanders who would like to put the clock back, partly for sentimental reasons, but also because they believe that there are strong reasons to support an effort to resusitate domestic food production.

One argument is that the islands' production should be used as a substitute for imports. Food brought in from overseas in 1981 is reckoned to have cost the BVI about $8.3m, or about 17 per cent of total imports. The main shops on the island are stuffed with foreign produce, a great deal of it from the U.S., but much of it from the UK, packaged by the big multinational food groups.

"People have developed a taste for international food," says Mr Louis Walters, permanent secretary for natural resources.

Second is the notion of economic diversification. Islanders repeatedly refer to the fragility of the tourist-based activity, and muse over agriculture's ability to provide another prop to the economy.

Mr Walters believes that one way to stimulate output will be to give a more assured supply of water to the farmers, mainly through the construction of small dams around the islands. But the Government is pinning its main hopes on changes at its own 170-acre experimental farm in a flat, fertile pocket of land on Tortola.

Originally aimed at improving the breeds seeds on the islands, the farm is now being turned over to the production of short-term cash crops with the aim of showing farmers what can be achieved. It will concentrate particularly on produce such as tomatoes, cucumbers and peppers which are easy to grow locally on small plots of land.

At the same time, a new abattoir, aimed at encouraging the expansion of livestock farming, is virtually complete, and consideration is being given to the development of a small dairy herd. At present, milk is brought in from the American Virgins.

The Government has also been using an element of administrative sanction in the effort to persuade market forces to move in the direction of local production. Some time ago, it brought in restrictions on egg imports on the grounds that eggs were produced abundantly locally.

Within weeks, however, this move led to an egg shortage, producing higher prices and suggestions that enterprising suppliers were continuing to import eggs from Florida and passing them off as locally produced.

This attempt to shift away from U.S. suppliers, even a relatively simple product, demonstrates the cost problems associated with low and extremely variable demand on the islands.

Balance of trade 1966-81

(U.S.$)

	Exports	Imports	Balance of trade deficit
1966	4,178,300	156,975	4,021,320
1970	10,223,575	65,330	10,158,246
1975	13,722,450	497,195	13,255,255
1980	40,494,280	1,161,390	39,332,895
1981	49,809,445	2,000,165	47,809,285

THE MOST recent detailed trade figures, published in 1981, showed the country's heavy dependence on tourism. Imports amounted to $49.8m, while exports generated only $2m.

Of this, machinery accounted for 37.7 per cent of imports, food for 16.6 per cent, and fuels for 13.1 per cent.

One of the conflicts over the continuing development of the hotel industry is that under the present structure of the economy, expansion simply adds to the deficit, with increasing earnings on tourism being spent on costly imported food to support the visitors.

Because of this there is strong pressure to conserve more of the tourist dollar through growing more food for the hotels locally and developing small service and manufacturing industries to serve tourism.

Dream property

THERE ARE still a number of crude, ungraded roads on the island of Tortola that exist only to serve a few, isolated mansions.

The location of these houses, perched in lonely splendour amid untended woodlands, says a lot about the nature of the market. They are built for solitude, for the magnificent seascapes that present themselves around every corner of the rugged terrain — and with very little sensitivity to cost.

The most celebrated new investor, Mr Richard Branson, of Virgin Records and Virgin Atlantic fame, has just gone one better than a secluded knoll in a corner of Tortola. He has bought Necker Island, a small outcrop off Virgin Gorda, whose beaches used to be shared only by a herd of goats.

For a sum estimated at between $4m and $5m, he has constructed an 11-room house, and has plans for a recording studio where the only sounds to distract the artists would be the winds off the Atlantic.

"To buy here is a romantic and emotional purchase," says Ms Pam Romney, an American-born estate agent in Road Town. "People come here for peace and quiet and the lack of development, not to make a speculative investment."

The islands have managed to give themselves this tag of exclusivity partly because the Government has kept a tight rein on the supply of land.

Land in accessible areas earmarked for development costs about $15,000 an acre, while the same amount of beachfront territory would cost $100,000. And if foreigners buy a virgin plot, they are obliged to build within two years, under a provision designed to prevent speculative warehousing of land.

Hefty building costs add an additional premium to the potential investment: the islands import virtually all of their building materials, which then have to be transported and knocked into shape on some pretty unlikely sites.

According to Mr Clive Sears, manager of the Smith Gore office in Tortola, construction costs amount to about $80 per square foot on the island, or around double the price in the UK. A two-bedroom, two-bathroom house, very small by conventional American middle class standards, is consequently not easy to find under $100,000, and in a desirable area may well cost more.

Add to all of this a high cash element in financing—local mortgages rarely run to more than 66 per cent—and it is clear why there is a thin market for houses dominated by Americans.

Finally, the politicians need to find an answer to the increasing problems caused by a large immigrant community.

Under the present rules, they can apply for citizenship and become "belongers" with voting rights after seven years, but there is growing local resentment of the pressures on schooling and social services brought by the immigrants.

Many immigrants feel equally strongly about the same limitations on public services, as well as the problems they sometimes have in gaining "belonger" status.

To some extent, these are typical problems of an economy which has gone through a period of rapid physical growth when jobs overrun the local labour pool.

Rum: repackaged for the U.S.

LIKE ANY other sugar-producing area in the West Indies, the British Virgin Islands have supported their own rum manufacturing at a number of small distilleries for the last 200 years.

But Pusser's Rum, the island's leading company today, owes very little to this native cottage industry. It is the brainchild of Mr Charles Tobias, a New York businessman who has brought together West Indian raw materials, British Navy tradition and the American market.

Mr Tobias succeeded where several other entrepreneurs had failed—in persuading the British Admiralty to part with its secret formula for British Navy rum. After almost 300 years of continuous issue, the daily rum allowance—the "tot"—was finally abandoned in 1970, mainly because it was thought to be too inebriating in an age of high technology ships. The main target for Pusser's is the U.S., where the bottles are sold with elaborate explanations of the colourful history behind the blend. Even the name of the rum, an old navy corruption of Purser's, after the officer traditionally charged with distributing the daily ration, is clearly designed with an eye to the U.S. market.

The British Virgin Islands came into this production scheme mainly by virtue of their location and the territory's political stability. Since the sources of the five different base rums which go into the blend were in Guyana and Trinidad, the company decided on manufacturing in the BVI as a convenient halfway house between the production base and the market.

Pusser's is by no means big business as yet, and probably never will be. It employs about 20 people and aims very specifically for a small, up-market niche where it believes the Admiralty seal of approval will carry a special cachet.

Output currently runs to "well under" 100,000 cases a year, a minute volume compared with the mechanised production of Bacardi, the main world rum producer, which has about 35 per cent of the world market of around 14m cases.

Even so, Pusser's sales are now about $3m a year, according to Mr Tobias, and it has established a production network as elaborate as anything to be found in the developed world. Its bottles come from Florida, its corks from Portugal, the plastic bulbs on top of the corks from California, and the labels come from Canada.

All these raw materials, including the Guyanan and Trinidadian rum, are brought together in a small factory behind a baseball pitch, where the rum is blended and despatched worldwide. Mr David Curry, who runs the factory, says that about 40 per cent of the final value is added in the BVI operations

Fishing setbacks

ON THE outskirts of Road Town, a trim, modern building nestles in isolated peace and quiet on a large pier. Inside, it is fully equipped for cleaning and deep freezing fish. The establishment has cost well over $700,000 to build, financed by the Caribbean Development Bank — yet it is currently working at only around 25 per cent of capacity.

The fish terminal is an attempt to stimulate the native fishing industry into becoming a significant producer both for the domestic and overseas markets. It seems absurd that an island surrounded by fish of all kinds should import a vast proportion of what it consumes.

But like the similar attempts to re-invigorate agriculture, it has run into the problem of making small-scale, family-style production competitive with mass producers overseas.

To a large extent, the terminal was designed for the needs of the remote northern island of Anegada, where fishing has for many years been the only significant activity.

The introduction of new food inspection standards in the American islands made better preparation of the local catch an essential. It was hoped to encourage the Anegadans to bring their fish into Road Town, where it would be processed, but instead, the Americans began flying special transporters up to the northern island and importing it directly.

The result is that the Government now has an expensive facility on its hands, with no hope of making it viable on the basis of the traditional in-shore fishing in the islands. Mr Louis Walters, permanent secretary for natural resources, says that efforts are being made to change direction and encourage deep-sea fishing.

These waters are currently being trawled by foreign vessels, mainly American and Japanese, and are reckoned to contain larger fish with more consistent quality than the islands' inshore varieties.

Development, he concedes, will be slow. To achieve the terminal's aims, will demand at least six boats bringing in their catch regularly. Yet the boats cost about $60,000 each, plus the same again for equipment, and will demand a professional core of full-time fishermen.

One solution the Government is considering is a deal with Japanese companies which will allow the Japanese proper authority to fish within the 200-mile limit, while taking on Virgin Islanders for training in deep-sea techniques.

Tax laws attract investors

CONTINUED FROM PAGE 1

extent the meritocracy that is now emerging is supporting this aim.

"The BVI style of controlled, selective tourism remains the key to our economy," Mr Cyril Romney, the chief minister, said in his recent budget address.

The islanders' ability to work together without undue friction is also reinforced by the broad base of landholding in the territory. Despite the emergence of a few rich individuals benefiting from land sales or business acumen, wealth is not unduly concentrated, and many islanders own a few, potentially valuable, acres.

"We have a free enterprise system in which everyone participates," says Mr Ralph O'Neal, a prominent businessman and opposition politician. "And people are happy to change roles—to work in an hotel, to run a taxi or a bus, while owning land or a boat, or even a farm."

Paradoxically, the structure of land-holding democracy can be partly attributed to the 100 years of neglect of the colony by the British between the abolition of slavery in 1838 and World War Two.

In that period, there were rarely more than 30 white people on the islands. The indigenous inhabitants were left largely to their own devices, engaged in subsistence agriculture, and frequently untroubled even by the appointed Governor—Mr Norwell Harrigan, a former civil servant who has written several histories of the islands, says that in his youth the schools were given holidays for the annual visit of the Governor, who would arrive with his plumes flying to a salvo of Royal Navy gunfire.

The effect of this isolation was to shield the BVI from the destructive land speculation which swept through much of the rest of the Caribbean.

Even today, the islanders are reckoned to own 80 per cent of the land in the BVI, and foreigners have to be licensed to buy.

The social cohesiveness of the islands is equally reflected in the stable political environment. Following a famous march on Government House in 1948, the British Government has progressively handed over control of island affairs to the local people. A new breed of administrators began to be trained in the 1950s, and have since assumed political power.

At election time, every four years, parties fighting for the nine available seats coalesce with as much of an eye to ministerial offices as a specific programme, later tending to dissolve again until the next elections.

For the current generation of politicians, one of the main questions is whether this structure of government will be sufficiently forceful to tackle the next stage of development in the islands. Under the present constitution, the Governor has responsibility for external matters, but the office of Chief Minister, which traditionally carries the financial portfolio with it, is the real power centre.

Critics argue that the system of part-time politicians who carry a great deal of nominal authority, but are not engaged 100 per cent in the country's business, can lead to a policy drift.

There is no shortage of challenges. First, there is the question of the future of British grants to the islands. These subventions have been steadily scaled down and may soon be transformed into loans, yet the islands are heavily dependent on them for development spending.

Second, they have to steer prudently down the narrow line between living off the U.S. economy and not doing anything to abuse these privileges. Even the question of drugs traffic becomes a problem though ministers say they are doing what they can to co-operate with the American authorities.

Third, the islands are facing a crucial stage in the development of tourism. Further expansion is needed to sustain the economy.

But at the same time, the Government has to be careful to avoid developments that would destroy the qualities of peace and seclusion on which the industry has been built, while channelling more of the benefits into the local community.

They could therefore be partly solved as the economy becomes more mature and begins to live more adequately off its local resources. Even so, the difficulties need to be tackled sensitively if the islands are to retain their enviable reputation as an oasis of tolerance and easy-going harmony.

Commitments are being trimmed just when new social programmes are needed

Concern over cuts in aid from Britain

OFFICIALS in the British Virgin Islands, normally a model of easy-going openness, sometimes display just a flicker of hesitation in opening up their financial acounts—but not because they are worried about horrors that might be hidden away inside. What bothers the administrators is that their figures look too good. "We are," says one of them, "in a position of people being punished for good housekeeping?"

By the standards of the Caribbean, and the developing world in general, the islanders are relatively well-heeled. Gross national product, according to an economic memorandum published last year, was estimated at $55m in 1982, against $28.5m four years earlier. With a population of not many more than 12,200 on the islands, that gives a figure of around $4,500 income per head.

To the irritation of the islanders it also means that virtue has to be its own reward—as they see it, they have to continue to carve out a living while neighbours who are more prodigal of their resources are rescued with cheap loans and rescheduled debt.

During the last 20 years of rapid growth, the islands have run their affairs with an eye to balancing their accounts. Overseas debt has been taken on only for schemes that are essentially self-liquidating, with a sound prospect of pay-back. According to officials, repayments at the moment are going down, with servicing expenditure in 1984 of $254,000 expected to drop to around $100,000 this year.

Revenue

On the operating side, the public accounts have run at a surplus since 1977, when the Government was able to dispense with the British grant-in-aid, previously required to keep the wheels of the administration turning. Four years ago, the authorities decided to set up a separate capital account through which they could clearly channel excess operating revenue into long-term development projects, more than $8m have been spent on schools, water supplies and roads through this mechanism since then.

Yet despite this relatively bright picture of the public accounts, the present Government has begun to sound the alarm bells about the future. Its first worry is the prospect for British capital grants, which have been a crucial element in developing the infrastructure of the islands.

During the last few years, British aid has been falling by around £200,000 annually to the current level of around £800,000—a sum which also means substantially less in dollars than a little while ago. To add to the constraints, Mr Cyril Romney, the Chief Minister, says that the BVI Government has been told that the grant may soon be turned into loans as well.

The second problem is some hefty contingent liabilities that have been run up through the Government's guaranteeing of loans advanced by other institutions. Although total public debt, including guaranteed loans, was put at only $5.4m in 1982, Mr Romney has since pointed to around $6m worth of such guarantees.

The Chief Minister has vigorously attacked this policy of guarantees on the grounds that "normal tests of viability" were "ignored or misapplied" for some of these loans, mainly incurred on projects aimed at diversifying the economy. He has recently put on ice an industrial development programme aimed at establishing an industrial park.

This action, and the refusal to take on another proposed guarantee, have trimmed the commitments of the Government, but by no means eliminated the problem. Projects such as the fishery development plan may well have to be supported by government subsidies at a time when the authorities want to press ahead with a number of social and infrastructure programmes — better social services, piped water throughout the island, more roads and dams for farmers among others. There is a strong demand on the islands, for example, for a higher education institution.

These plans, Mr Romney concedes, would be very difficult to finance without grants. To complicate matters still further, the economy has recently shown signs of slowing down, a process which will eventually tend to reduce tax revenues.

Ministers place the blame for this trend squarely on the strength of the dollar, and the impact this has had on tourism. Americans, said Mr Romney in his budget address, "have gone in droves to Europe at bargain basement prices."

Response

The simplest response to these revenue problems would be to raise taxes in some form or another. On the face of it, there is ample room for an increase, at present, domestic companies are relatively lightly taxed at a rate of 15 per cent, with several possibilities of reducing the final payment, while the biggest sector of all—hotels — is paying virtually nothing because of tax-holiday investment incentives. Individual tax rates are also modest, varying between 5 per cent and 20 per cent on all income over $25,000.

The Government, however, has turned its face firmly against any tax increases. The main increase of the present administration was a 2 percentage point rise in hotel occupancy taxes to 7 per cent. But indirect taxes of this type, bearing directly on visitors, are already close to an acceptable level—there are special charges, for instance, for local driving licences or a departure permit at the airport—and there is probably little scope for further revenue increases in these areas.

In addition, increased taxes on business could have a damaging impact on the main thrust of the Government's development policy—the continuing attraction of foreign investment.

Since beginning on its growth path with virtually no resources of its own 25 years ago, the country has relied almost entirely on funds from overseas to finance the expansion of the hotel and yachting industries.

Some 90 per cent of the capital expenditure that has gone into hotels, for example, is reckoned to have come from foreigners, and the funds have continued to flow despite the fact that the sector is in overall loss. The administration is acutely aware that it is competing for this finance with other countries that have similar tax incentives.

To try to bridge the budgetary gaps that could be caused by these potential revenue shortfalls, Mr Romney has been talking to Canada about a new aid programme to replace the declining UK grant. "So far we have not been eligible for bilateral assistance, but we must be the only country in the Caribbean in that position," he says.

The longer-term aim is to improve the country's ability to generate the means for its own development, although there is no consensus as yet about how this should be done. One group of the islands' ruling elite is in favour of public spending to diversify the economy; the other wants the country to play to its traditional strengths, arguing that the high relative level of wages on the islands makes it an improbable site for competitive manufacturing. A good secretary, for instance, earns well over $8,000 a year.

Mr Romney, who took an economics degree in the U.S., belongs firmly to the latter group. He has shown considerable scepticism about plans to develop small-scale manufacturing on the islands, preferring to continue the traditional thrust towards attracting foreign capital into the financial sector and tourism. "If there is political stability, the money will come and it will stay," he said in his recent Budget address.

The danger of this strategy is twofold. First, the overwhelming dependence on tourism that has been created in the last 25 years has left the islands extremely vulnerable to any change in the market. This weakness is evident from the problems that the strong dollar has caused the industry this year.

Secondly, the islands are reaching the stage where they need to extract more from the current operating of the tourist industry. The hotels in particular are very much underutilised assets, working at half throttle for much of the year.

Yet Mr Romney argues that if the tourist industry is run properly, it will prove itself to be the best place for a country with limited resources to spend them. What he would like to see is stronger marketing, a greater drive to popularise the islands, and efforts to spread the benefits of the industry more widely. It is certainly true that if the hotels could push up their annual occupancy rates to nearer the 80 per cent achieved by the best performing groups, the Government would be able to generate much of the tax revenue it needs to finance its expenditure.

Development of small-scale manufacturing would diversify the economy but this approach is overwhelmed by the reliance on tourism

Wary of headlong growth

IN THE banking sector, the BVI administration has shown itself very wary of headlong growth of the sort pursued by the Cayman Isles and Bahamas. This is partly due to the general opposition on the islands to overdevelopment—Road Town has only a handful of buildings more than two storeys high—and partly because of the feeling that there is no room for another Caribbean competitor in the Eurodollar activity on which the offshore banks have thrived. Only one Eurocurrency issue has been made in the islands in recent years.

In addition, the islands have had some unpleasant experiences wth fringe banks. A few years ago, the Merchants and Mariners Bank, registered in the BVI, collapsed in an incident involving the shooting of one of its senior executives in Los Angeles. And only this year, Mr Cyril Romney, the Chief Minister, announced that individuals connected with the locally-registered LaSalle Bank and Trust Company, otherwise known as the First Continental Bank, had been engaged in "fraudulent" activity overseas.

On that occasion, speaking to the legislative council, Mr Romney said that full banking activities would only be permitted in the territory "by branches or subsidiaries of banks of international repute and standing."

Under these guidelines, banking looks set to continue in the hands of four groups, Barclays of the UK, Chase Manhattan from New York, Nova Scotia, the Canadian group, and First Pennsylvania of the U.S.

The banks have grown considerably over the last decade, with total deposits increasing from $29.7m in 1973 to $198.4m in the third quarter of last year. But their loan portfolio had grown much less rapidly, rising from $19.6m in 1973 to 45.9m last year.

The differential between the two sets of figures implies that they are using a considerable proportion of their deposits to fund their parent companies.

550 companies use tax haven

THE NERVE centre of the British Virgin Islands' financial services industry lies in a modest second-floor office over an electrical equipment shop on the edge of Road Town.

On the counter inside, the 550 or so businesses registered under the International Business Companies ordinance of last August are neatly filed in a card index, from the improbable Pinky and Perky to the whimsical Golden Wisdom and Arcadia Investment Corporation.

The records of all the companies filed under the ordinance are available for inspection for a $10 down payment. Yet the most careful research will reveal very little—neither the names of the directors, nor a detailed balance sheet, nor the nature of the company's business.

Even after a year's activity has gone by, there will be no filing of an annual report, no indication of how the company is faring, and no notification of an annual meeting.

The IBC ordinance is the means by which the BVI is attempting to penetrate the zero tax sector of the international tax haven market. It was introduced last year after extensive examination of the big traditional zero tax countries—Panama, the Cayman Isles the Bahamas and Bermuda—and some careful drafting to help the trust companies who hope to expand their business by using it.

Not all of the 550 or so companies registered under the ordinance are new to the BVI. Some have chosen to transfer from their registrations under the old lists.

Nevertheless, the initiative has met with an enthusiastic response from the financial community, both for the new business brought in and for the old business that has been persuaded to stay. "Now we have something to sell," says Mr Shaun Murphy, of Financial Management and Trust.

The essence of the ordinance is to require no tax on a compaiy registered in the BVI as long as its business is conducted outside the islands. Income arising overseas will therefore be taxed at the prevailing rate—30 per cent in the U.S.—but will not be touched in the BVI. The only Government-imposed cost is a $300 annual registration fee for the average size of company.

Among the other characteristics of an IBC are:

- There is no minimum capital requirement.
- Shares may be issued with or without par value, in multiple classes and in registered or bearer form.
- The director (as few as one) or directors may be people or corporations and need not be resident in the BVI. However, it can keep a bank account and be managed and controlled from within the islands, as long as it does not own property or do business there.

The move towards the zero tax sector of the tax haven business was a considered step after the U.S. brought the barriers down on countries operating under the protection of its double tax treaties. In the 1970s, the islands had built up the financial sector very largely on the opportunities created by the double tax treaty with the U.S., a relationship largely inherited from the agreement between the U.S. and the UK.

For the purposes of preventing double taxation on companies, the U.S. would tax dividends at only a 15 per cent rate rather than the full 30 per cent; in the BVI, these these remittances were then only nominally taxed or left untaxed altogether, instead of being taxed at the due 15 per cent rate.

"For portfolio equity investments we were probably the best Caribbean country to use," says Mr Noel Barton, head of the Peat Marwick Mitchell accounting firm subsidiary on the islands. "But for interest payments we could not compete because for some reason the paragraph including interest in the 15 per cent rule was deleted in our treaty."

The renunciation by the U.S. of the double tax treaty in December 1982 was a bitter blow to the islands, who fought hard against it.

They eventually failed in the talks with the new, hard-line Reagan Government, but achieved one major victory in that all the other double-tax countries in the Caribbean had their concessions withdrawn as well.

Nevertheless, the financial services sector on the islands is so small that it has plenty of scope to grow. There is only a handful of trust companies operating at present, along with two accounting firms.

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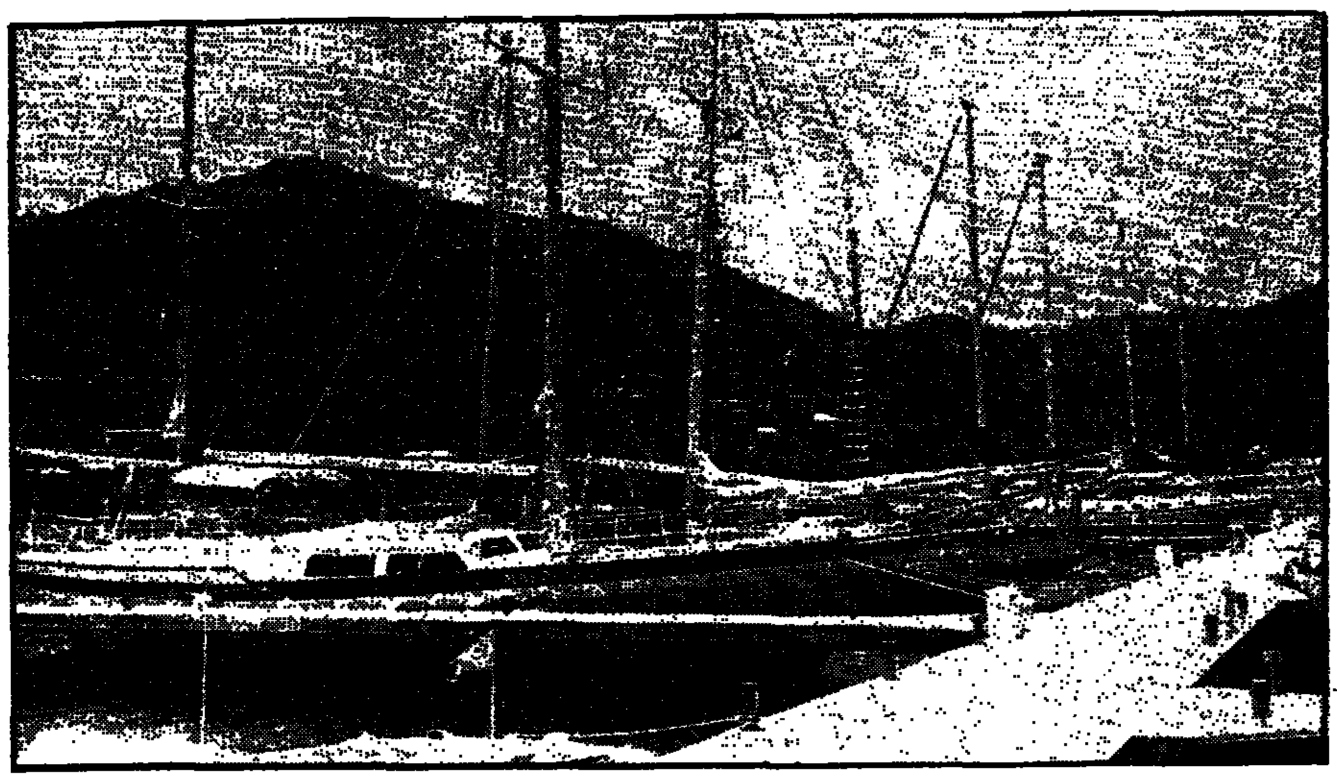

Ashley Ashwood

Charter yachts at Road Town. The yachting business now accounts for more holiday traffic than hotels.

Tourist hotels seeking more visitors

THE ENTRY drive to Little Dix hotel is reminiscent of the carriageway of a British stately home. It winds down from a country road through lush, well-cropped lawns and landscaped flower beds.

The central building of the hotel, an open-sided dining room with a dramatically sculpted triangulated roof, lies sheltered behind a bank of evergreens: nature obtrudes everywhere, the abundant greenery swallowing up guests as though they were hardly there.

Little Dix was the first big hotel development in the islands, and to a large extent it has set the pattern for the rest of the industry. The hotel nestles by the seashore, framed by the wooded hills of Virgin Gorda, on a site of striking natural beauty.

Mr Laurence Rockefeller, grandson of John D. Rockefeller, and a noted environmentalist was so taken with the area in the early 1960s that he acquired and leased about 500 acres of shore and hillsides with the idea of marketing a chalet-style, low-density hotel that would appeal to people looking for a quiet, close-to-nature holiday.

Although Little Dix has positioned itself right at the top of the market, with chalets at up to $700 a night in the season, other hotels have largely followed the Rockefeller concept of unobtrusive, environmentally-sensitive developments.

From the hoteliers' point of view it has been a practical response to the limited labour supply in a population of only 12,000; and for the Government it has meant avoiding the social pressures that would have built up from an even greater expansion of immigrant population to serve the hotel trade.

The idyllic settings of the islands' hotels, however, are hardly matched by the performance of the companies involved. Overall, the sector loses money on its operations, and only two hotels—Little Dix and Long Bay on the main island of Tortola—are reckoned to have been consistently profitable over the last few years.

As a result, a number of hotels have either changed hands recently or are on the market. Members of the UK Showering family, for example, have put the Treasure Island hotel in Road Town up for sale, while the huge Prospect Reef complex nearby, in which Mr Humphrey Cripps, a UK component manufacturer, is said to have invested around $11m, is on the market at $15m.

Across the channel from Road Town, the Peter Island hotel has been sold by the Norwegian Peder Smedvig group to Amway, the U.S. direct selling group.

The running operating deficits arise from the fact that the hotels are vastly under-utilised, despite the modest amount of capacity available on the islands. In total, the BVI had around 750 rooms at the end of 1983, but Government statistics say that only 52 per cent of these were filled, and hoteliers are even sceptical about these numbers.

Tax-induced

Indeed, Mr Tad Michel, chairman of the BVI Hotel Association, says that many hotels on the islands could make money running at less than 50 per cent capacity, indicating that some are running at very low rates of occupancy indeed.

Officials posit two reasons for this loss-generating structure of the industry. First, a fair amount of hotel construction has been tax induced. At least 90 per cent of the investment in the sector has originated overseas, from companies that have been able to write off losses against tax and were looking for capital appreciation or currency gains rather than long-term profitability.

The Virgin Islands has had little alternative but to collaborate in this process because

SOMETIME in the early 1960s, and certainly no more than 25 years ago, tourism became a force to be reckoned with on the British Virgin Islands.

Some identify the crucial development as the opening of the Little Dix hotel by Mr Laurance Rockefeller on Virgin Gorda in 1964; others regard the arrival of an infant yachting business at about the same time as the critical step.

Either way, tourism has grown rapidly since then, moving down the two tracks of middle-to-upper range resort hotels and yachting.

Today, tourism is by far the major industry on the islands. It directly employs about 32 per cent of the population, and virtually every other activity revolves around it.

It is difficult to say how much tourism earns — a Government report has put the figure as high as $66m, which is now thought to be an outlandish overestimate, but it probably roughly balances the $48m or so deficit on the country's external trade account.

Tourists come to the region —at the rate of 150,000 in 1983—for its all-year sunshine, its long white beaches and, perhaps most importantly, a fabled stretch of sailing water. The climate conforms to the Caribbean legend, with a temperature which varies between 75 and 85 deg F throughout the year, a pleasant breeze, evenings that are not uncomfortably hot, and sea water that is perpetually warm.

From the start, Government policy has aimed at a steady pace of development, designed to allow the islands' infrastructure to grow without undue strain, while concentrating on an up-market niche in the mainly American market.

British Virgin Islanders look with something approaching horror at the headlong pace of development on the nearby American Virgin Islands, which have gone for a mass package tourist trade, complete with skyscraper hotels, massive shopping arcades, McDonald's hamburgers and the rest.

"We want to concentrate on the steady development of water-based activities," says Mr Elihu Rhymer, chairman of the BVI Tourist Board.

its own capital resources were too limited to do the development itself; and, indeed, it has contributed to the inducements by exempting hotels from the already modest domestic taxes for 10 years, while allowing them to bring in essential machinery and equipment for expansion tariff free.

Second, in turning against the higher volume mass market, the BVI hotels have locked themselves into the pursuit of a high-priced market which is extremely difficult to promote. These marketing weaknesses are probably compounded by the fact that several of the hotels are owned by foreign groups with few other hotel interests. Little Dix, for example, again stands out as a hotel which has managed to achieve high capacity utilisation throughout the year because it belongs to a larger group of hotels which are jointly marketed.

It is not at all clear what the impact of these weaknesses in the hotel sector will be. But it is one of the factors which causes officials to worry about the "fragility," as they put it, of the tourist sector.

What the Government wants to see in the hotel sector is a steady development of stable and profitable enterprises which will eventually add to the tax base, while generating wages and employment. Half, or three-quarter empty hotels not only make a limited contribution to the economy, but may eventually be a deterrent to new investment in the development of the islands.

So far, this point of deterrence has clearly not been reached. A new 38-room hotel — Trade Winds — has just gone up in Virgin Gorda, built on a sweeping bay by Mowinckles Rederi, the Norwegian shipping line, alongside two existing developments.

There are also several other projects at various stages in the pipeline, including an ambitious $30m spa hotel, the most costly development yet, on the northern coast of Virgin Gorda.

Mr Richard Starkey, the British managing director of Project Management Associates, who has spent two years working on the plan, says that if it comes to fruition, the spa will sell health-based holidays for two at between $550 and $660 a night in the high season.

Despite these signs of continuing investor interest, however, some ministers and officials believe that the islands cannot continue to place all their eggs in the basket of exclusivity.

Mr Cyril Romney, the Chief Minister, for example, favours much more forceful marketing aimed at broadening the appeal of the BVI. He has already acted on his convictions for his own account, helping to promote visits of shallow-draft cruise ships which are able to sail right into the secluded bays of the islands.

This kind of tourism is resented and opposed by the more traditional elements in the industry, who argue that droves of passengers swarming through town or swamping beaches wherever ships choose to drop anchor undermine the image the islands have created.

Issues

But Mr Romney argues that the cruise ship visits are healthy because "they touch the local people more than anything I can think of. They bring business to the taxi drivers, the shops, beach bars and restaurants," he says.

In a broader sense, he believes that Government and the industry will have to work together to tackle two issues. First, he complains that the hotels have failed to "target the off-season traffic." One of the reasons for the loow room occupancy rates is that once the main December-April season ends, tourist visits drop off sharply.

Yet in Bermuda, says Mr Romney, he has been struck by the fact that the 500,000-a-year tourist industry is strongly based on the promotion of the island for summer visits—a promotion largely aimed at the student population which later grows into a longer-term clientele.

In addition, Mr Romney wants to start direct flights from the American mainland to the islands. This is partly a response to the inadequacies of the present communications network, which relies on connecting flights mainly from Puerto Rico. He voices a common complaint when he says that the local airlines frequently schedule flights that they do not have the equipment to handle.

A further limitation on the air transport links derives from the length of the airstrip, currently only 3,600 ft long. Mr Romney wants to extend it to bring in longer-range modern commercial jets. But even now, he says, the airport could take the British Aerospace 146, and he is actively promoting moves which could lead to the announcement of new direct flights from the U.S. "within the next few months.

"I think we need something dramatic and exciting to be able to establish our position in the market place," he says.

'The best sailing water in the world'

LEGEND HAS it that Sir Francis Drake evaded Spanish warships by slipping into the 30-mile main channel between the islands after one of his marauding raids in the region.

The tactics behind the manoeuvre are obvious to anyone who has sailed through the area: the islands stretch out like strings of beads, providing endless opportunities for cover in a succession of spectacular, secluded bays.

Modern-day sailors use the bays to drop anchor and relax in the balmy surroundings. Much of the seashore is as untouched by humanity as in Drake's day 400 years ago, while several beaches now harbour one of the new luxury hotel complexes which frequently offer facilities to visiting yachts.

"I am here," says Mr Albert Stewart, managing director of Tortola Yacht Services, "because, quite simply, it has the best sailing water in the world."

The bulk of the yachting business is in bareboat chartering. Visitors come down to the islands, hire a yacht, provision it, and then use it like a hotel. The boats vary in size, and professional captains can be hired along with them if necessary but reasonably experienced sailors are allowed to take charge without undue questioning, since manoeuvring in the channel and around the islands is reckoned to be relatively easy.

Rapid growth in the bareboat chartering business, led overwhelmingly by two companies, Moorings and Caribbean Sailing Yachts, took the fleet of locally-run yachts from 226 in 1979 to 310 in 1983, when the last figures were published.

There has probably been a slight contraction since then, but the BVI-based yachts are still believed to consitute the biggest bareboat fleet in the Caribbean, and probably the world. Yachts now account for far more holiday traffic through the islands than hotels.

Ideal

For the islands, the yachting business has been regarded as an ideal form of tourist expansion. It does not make undue demands on theenvironment, or the resources of the economy, since the visitors spend a lot of their time at sea. Yet it provides regular jobs and steady development along the coastline.

A substantial part of the large Wickham's Cay Sea reclamation project, for example, has been taken up by a cluster of companies around Moorings, the largest bareboat group on the islands, which runs 84 vessels.

Like the hotels, the yachting business has suffered this year from the strength of the U.S. dollar. But it also has another, less tangible, cloud hanging over it in the form of the U.S. Internal Revenue Service.

The American tax authorities have recently been attempting to prevent deductions of investment tax credits on the BVI yachts on the grounds that they are based outside the U.S. and they have also tackled some of U.S. investors over the leasing clauses, because capital was not judged to be at risk in the transactions.

One response to these threats has been to buy more yachts from Europe.

At the same time, the leasing contracts have been adjusted to management fee agreements, under which the yachting companies and the U.S. owners split the charter fees and thus share the risk. This still allows U.S. investors to take depreciation write-offs against their tax bills.

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THE ARTS

Architecture/Colin Amery

Aiming for the goal of a national design

It is cheering to learn that we have a new National Museum of Design in the Butler's Wharf development across the Thames from the Tower of London. The museum is to be started with a £4m gift from the Habitat shops chief, Sir Terence Conran, whose foundation initiated the enterprising little Boilerhouse Project at the Victoria and Albert Museum where it has promoted several provocative exhibitions about consumer products.

The lease to occupy the old boilerhouse yard at the V and A runs out in 1986 and the foundation will then expand into Butler's Wharf, a large commercial riverside development backed by a consortium with Sir Terence and Mr Jacob Rothschild at its head. The Design Museum will occupy a part of this project.

The museum (although *museum* surely is the wrong word) is to provide a service to business and industry covering intelligence-gathering and product-planning services based on a permanent collection of noteworthy designs and a thematic exhibitions. It will display new inventions and speculative designs, and part of the scheme is to involve the recharged Royal College of Art in a design study centre to provide seminars and academic back-up to the museum. There is also to be a Children's Experience Museum on the same site although the aims of this are not clear from the initial publicity.

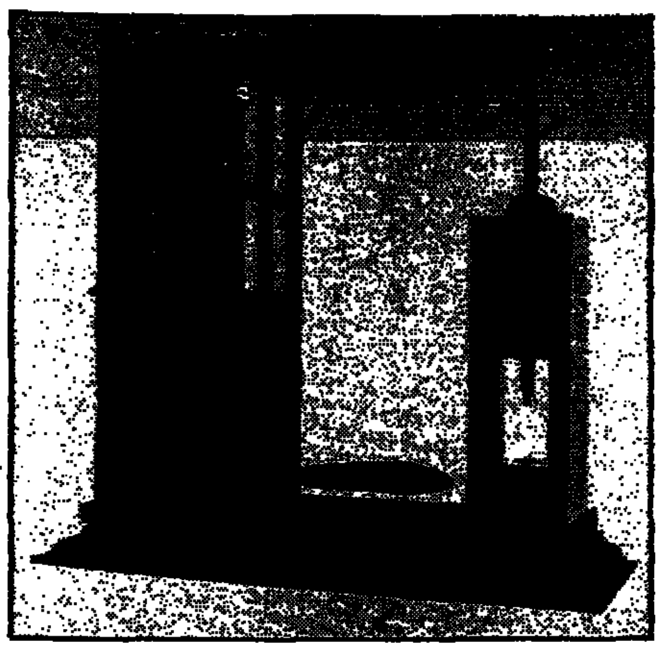
The architect of the museum is to be Mr Stewart Mosscrop, and his early sketches promise us a subtle hybrid of Le Corbusier crossed with Norman Foster. Nothing very revolutionary there.

Industry is being asked to fund the running of the museum and it is expected that donations will come from companies' research and development budgets. As the appeal brochure says: 'It is not expected that these contributors will be disinterested." This, however, raises questions about whether this really is a museum or a trade centre where manufacturers can see the competition in a vaguely historical setting. How does this differ from the already existing Design Council and Design Centre? Calling it a museum might lead people to think they were going to somewhere like the New York Museum of Modern Art's design galleries where objects are shown disinterestedly in an historically researched context.

There has always been a lot of pious talk about design selling products, although this has never been entirely clear as a concept. I had hoped that the present exhibition at the Boilerhouse, **National Characteristics in Design**, would explain how to spot the good one, but I was disappointed.

The thing about Boilerhouse shows is that they are always amusing, sometimes stylish, and frequently informative in the way that advertising is informative; but they so often leave the visitor unsatisfied. The present exhibition has *high* ambitions and succeeds in being highly entertaining.

The organisers have taken eight industrialised countries and put their products into a maze so that it is possible, through comparing eight motorcycles or eight typical meals, to discern national characteristics. America, France, Britain, Russia, Japan, Sweden, Italy and Germany are the selected industrial countries and you enter the national displays through cleverly designed individual gates: two French cigarette lighters and a Guimard swirl take you into France, and a cosy Tudor Rookery Nook indicates the whimsicality of Great Britain. Some rosewood nipples and triple glazing suggest the preoccupations of the Swedes while Germany has the wonderfully old-fashioned Mies van de Rohe as an ancient design prototype.



The "cosy Tudor Rookery Nook"—entrance to Great Britain's display at The Boilerhouse (Victoria and Albert Museum), until July 18

Britain comes out of this show very well; its distinct traditional quality, as seen in a Lobb shoe or a Jaguar car; seems to succeed because it is comfortable and elegant and works, proving that the best design is surely something that is good on its own terms. After all, a good chair might be Chippendale or Aalto but we judge it on its comfort and line, not particularly because it is English or Finish.

It is fascinating to see the strong, yet limited, Russian design: tough and powerful trains and cars, but little styling or fashion consiousness. And this despite, for instance the example of the undergrounds in Moscow and Leningrad which have given the ordinary Russian a taste of Tsarist splendour—the very reverse of New York's dismal subway. Japan's design, meanwhile, is seen to work best in miniature.

National design characteristics surely come from things like climate, available raw materials and the training of the country's visual sense. This exhibition gives just a hint about this absorbing subject. It also emphasises that the encouragement of national styles might well be the goal to pursue in a world where it is often possible to be unsure about which country you are in when you arrive at yet another anonymous airport.

Andrea Chénier/Covent Garden

Max Loppert

The concluding sentence in William Weaver's judicious programme note for the Royal Opera *Chénier* should warn any reviewer to proceed with a due sense of caution: "Though critics often do not approve of Giordano (Mahler, however, admired him, and so did Fauré), audiences have continued to applaud his youthful work."

Audience taste is no doubt the reason the work was brought back to London in the first place; and the audience at Saturday's revival proved Mr Weaver right, noisily, while one critic in their midst tried with varying success to mute his awareness of the overwhelming second-rate-ness of the piece—of its promiscuous, ill-defined sympathies, its early-Hollywood view of history (those newsboys!), its essential ungenius when placed by the side of even so derided a sample of Puccini as *La fanciulla del west*.

At least the same critic could note how much more lively and idiomatic the performance was than the passionless, walking-on-eggs first showing of this production had been in February last year. Now there was a conductor—Julius Rudel, making amends for his recent *Samson* bungle here—with the understanding of the work's operational level and the knack to make a go of it, on that same not very elevated level. (Mr Rudel's willingness to break pauses for applause into Giodano's putatively continuous textures was, however, excessive). And the many supporting players, most of them recalled from 1984, gave good value—John Dobson's spy, Patricia Johnson's countess, Alexander Oliver's abbé, and Cynthia Buchan's quicksilver Bersi were especially quick at seizing their chances.

But the cardinal factor in the success or failure of any *Chénier* is the choice of its principal trio. On the whole this has also been more certainly guided than it was in 1984. It is not exactly an *exciting* trio; probably the breed of singer who could make this opera exciting—by means of highlight an inspiring. Domingo big, vibrant voices, boldly house-filling personalities, and genuine artistic conviction—is now extinct. Perhaps it is unfair to judge the current Royal Opera title role on this showing, for Pladico Domingo suffered a sudden throat indisposition during the "Improvviso" which forced him to leave stage for a short, anxious interval. When he returned, it was in better but not totally restored voice — the "something more" that can appearance was all evening conspicious by its absence.

The Maddalena was Anna Tomova-Sintov, on one of her too-rare visits to London — a lovely, mature performer of rounded womanly style not ideally suited to febrile verismo outbursts (I would guess that she too was not in best vocal form for the occasion). The single entirely authentic contribution came from Giorgio Zancanaro in the opera's most rewarding role, the servant-turned-revolutionary Gerard. While not exactly a *bête du théâtre* — the face is mostly immobile, the stance straight from singers' stock — Mr Zancanaro boasts a handsomely forward, pithy, natively Italianate vocal delivery that showed up its absence elsewhere. The production, decent, straightforward, unremarkable, is this week to be recorded for future television presentation.

Alastair Muir

Anna Tomova-Sintov and Placido Domingo

Berlin Philharmonic

Andrew Clements

For their single concert at the Festival Hall on Saturday the Berlin Philharmonic and Herbert von Karajan brought just two works, Beethoven's Fourth Symphony and Strauss's *Ein Heldenleben*. It was the first time they had appeared in London since the much publicised dispute which threatened to sever all connections between the orchestra and its artistic director. That has been resolved, but those who remember Karajan's dominating platform manner from previous visits will have been saddened by his physical frailty now. What remains as strong as ever, though, is his technical control of players who involve themselves passionately in their music making; that commitment, as much as discipline and technical assurance, is responsible for the extraordinarily rich tonal palette this orchestra puts at his disposal.

Karajan's Beethoven nowadays tends towards the marmoreal. Even a symphony as moderate in scale as the Fourth was crowned with climaxes of a Brucknerian splendour, delivered by an orchestra containing quadruple woodwind and horns. The Adagio in particular had an epic range which strictly on its own terms was most impressive; whether or not it was successfully integrated with the other movements was doubtful. There is no way that the classically cut finale could carry through the implications of such a sonorous panoply, however much one marvelled in it at the immaculate articulation of such a large body of strings or the unfailingly perfect equilibrium between woodwind soloists and their accompaniment.

In *Heldenleben*, however, tonal power and musical substance were perfectly matched. The main climaxes were ringingly heroic, the *Tristan*-like love music of the third and sixth sections sensuouly moulded. Above all there was a genuine translucency to every texture, however thickly scored or grandly proclaimed. Karajan's shaping of such an edifice also was marvellously satisfying, the symphonic undertow of the structure never obscured for a moment—how often in performance does the climax of the battle scene also make total sense in terms of sonata-form recapitulation?

Instrumental solos were most eloquently realised, with principal horn and oboe quite outstanding and the orchestra's leader providing pin-point bravura for the violin cadenzas in the third section. If one could select just one moment to epitomise the rest it would be a passage from the fifth section, with the hero reflecting on his past achievements and the solo horn poised magically over perfectly graded and shaped string lines. Even the most ardent Straussian would not claim *Heldenleben* as the greatest of his achievements; here though was a performance which transmuted the vainglory into something richly rewarding and genuinely affecting, well beyond its sheer impact as sound; a performance by all concerned of quite exceptional standard.

Mitsuko Shirai/Wigmore Hall

Max Loppert

The Japanese soprano, has, in company with her pianist husband, Hartmut Höll, become a regular recitalist in London over the past few years, and a highly praised one (not least in these columns). Hearing both for the first time, at the Wigmore Hall on Thursday, I was delighted almost beyond measure by the refinement, polish, and communicative eloquence of their partnership. One expects closeness from a duo who are also a married couple. This team moves far beyond conventional intimacy to forge a union of musical spirit that is tangible in every moment of their performance. Mr Höll is an outstandingly fine accompanist of voices; and if, for the remainder of this notice, the merits of Miss Shirai are dwelt upon, his crucial part in informing and supporting them must not be forgotten.

The programme devoted its first half to Haydn English canzonets and Schumann songs. The beauty and finesse of the voice became evident in the very first bars of "The Mermaid's Song," and ever more remarkable with each song that followed. Miss Shirai's liquid but decisive attack and impeccable command of legato bind phrase to phrase with the delicacy of emission that is almost a forgotten art; while the tone itself, not large but rounded in its flow and shining in its vibrancy, seems to show no variation or alteration of quality according to register. But this singer is not just a voice-model. Her delight in words—and for a Japanese to master English vowels and consonants so fully is, after all, a most uncommon feat—made itself a feature of everything she sang, and underpinned the shape of each song.

Light and shade without exaggeration or self-conscious point-making: listening to "Der Nussbaum" at the start of the Schumann group, and "Widmung" at its close, I had to cast my mind quite far back to recall another young Lieder singer Miss Shirai's equal in skill or peer in maturity of style. In the second half, she and Mr Höll lavished more of both on Berg's Seven Eearly Songs (though perhaps the vocal lines call also for a degree of impetuous romanticism that was not forthcoming here) and Webern's Op. 4 George songs, a miracle of mysterious, muted colour applications. As if to show that there is also a lighter side to them, singer and pianist closed in fine, gently witty, never over-blown manner with Schoenberg's three Cabaret Songs. Miss Shiri makes most of our own young song-recitalists look and sound like students. I can't wait to hear her again.

Performing Arts Book Prize

A new book prize, worth £2,000, has been announced in memory of Roger Machell, the publisher. It has been founded by the Hamish Hamilton imprint, where Machell worked for 30 years, and will be awarded for a book about any of the performing arts. Full details of entry requirements may be obtained from the Society of Authors, 84 Drayton Gardens, London SW10.

The Seagull/Lyric, Hammersmith

Martin Hoyle

There is a school of — very British—thought that likes its Chekhov soulful: pregnant with pauses, stiff with sighs, silent with significance. Charles Sturridge's production at Hammersmith gives us many an oasis of calm in the desert of provincial self-absorption; but far from sighing, the characters are usually looking perplexed, sceptical or startled, or doing double takes. In short they play it as comedy; and not since George Cole and a drawling Joan Greenwood performed *Hedda Gabler* 20 years ago as if it were Coward has the comic potential of a revered classic been so pleasurably realised.

Much of this reflects on the very loose-limbed translation by Tania Alexander and Mr Sturridge himself. Compared with Michael Frayn's new *Three Sisters* at Manchester, this is marvellously lively, robustly idiomatic. One almost forgives Nina's use of "glamour" in the modern sense. But not quite.

I suspect the television orientation of much of the team can take credit for the sheer naturalness of the production. Mr Sturridge is eternally linked with *Brideshead*. The designer, Eileen Diss, frames the action with beautiful silver birches. Above all, such stalwarts as Ronald Hines (Dorn) and Alfred Burke (Sorin) gauge perfectly the point between clarity and casualness. Much-maligned TV technique must take the credit. Pitching your thoughts at millions while addressing the red eye of a camera is apt training for Chekhov's intimate universality.

Of course there are drawbacks. Clumsy blocking leaves Samantha Eggar's Arkadina masked from the extreme right stalls for some time after her entrance and again during the final gam[illegible]g at table. "Why is it so dark?" asked Nina in Act 1, voicing the audience's uncertainty. And the production's vigorous approach is at its worst in an intolerable interpretation of soured Masha. In the opening scene Phoebe Nicholls, lopes, slouches, flounces and leaps on to the furniture as if she were as stage-struck as Nina.

Miss Eggar also suffers from the broad approach, or perhaps just takes the easy way out. Beautiful, young and lively, she excels at the briskly dismissive. ("We can't praise her too much—it'll bring bad luck," an infallible applause-stopper for a rival attraction, sounds absolutely natural). But only with a Trigorin as selfish and insincere as John Hurt could this over-obvious wheedling succeed. Mr Hurt's patently false rhapsody on love gives a good indication of this famous writer's style as a novelist; and why Konstantin despises him so much.

The central couple are lightweight (for all his intelligence Mr Hurt gives us another of his wiry little losers, more sardonic, self-aware victim than celebrity); so is John Lynch's Kostya — struggling moreover with the wayward vowels of a suppressed Irish accent. With Nina's muttered "Think of me sometime," as she hurries from Trigorin, head bowed, Natasha Richardson suddenly recalls her mother's (Vanessa Redgrave) heart-touching confession of clumsiness with people in *The Aspern Papers*.

Jean Rimmer's Polina looks and sounds right, a fit companion for Mr Burke's landowner and Mr Hines's doctor; and Peter Wight's drudge of a schoolmaster is beautifully judged, well-meaning and boring, down to the last not quite socially acceptable diphthong. His nervous, uncomprehending titter in response to his wife's cold utterance of "I wish I'd never set eyes on you" was funny, touching and filled out the portrait; not something that can be said about some other performances in this entertaining, breezy and ultimately incomplete production.

Kraus, Skura/The Place

Clement Crisp

The intrusive recording eyes of television and video cameras area dire commonplace of our age. For the dance world they are an increasingly popular tool in the preserving of movement, and, as Hans van Manen showed in his superb trio for two dancers and video operator, they can be made a thrilling extension of the dance itself as facets of movement, and even as memory. These attributes are extravagantly mishandled in a programme by the New York dancer/choreographers Stephanie Skura and Lisa Kraus seen at The Place on Thursday.

In Lisa Kraus's *The Watchers (Made for TV)* the couple's dull little movement sorties are interspersed or accompanied by a cod lecture about dance history and by videos of movement seen on two television sets. A sequence finds one of the ladies making herself a tiny retreat by draping gauze between the sets; later Miss Kraus indulges in a frenetic solo, which suggests that she is a dancer of more considerab elgifts—speed, flexibility—than her sourroundings will allow. But the sum effect is tiresomely hermetic.

Miss Skura's *Chase Scene*, as its title implies, is about the video camera as a form of surveillance, and it has all the dim allure of other people's home movies. There is a promising sequence when Miss Skura discusses how a video image frames our perceptions of Miss Kraus's dancing, but chat and hectic film cutting are a dominant feature of the piece, and its rewards are few.

Sandwiched between these two items is a brief though transcendentally naif demonstration of certain basics of the movement vocabulary called *Survey of forms*, with yet more garrulity as its accompaniment. The performance, which is being toured round Britain, is funded by seven official grant bodies, whose faith in their expenditure is greater than mine.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Apr 26-May 2

Music

PARIS

Ensemble Orchestral de Paris with Yehudi Menuhin as conductor and soloist: Beethoven, Bartok (Mon). Salle Pleyel (561 0630).

Maria Tipo, piano: J.S. Bach, Goldberg Variations (Mon). Théâtre des Champs Elysées (723 4777).

Gabriel Bacquier, baritone, Raphaele Ivery, mezzosoprano: Mozart, Rossini, Thomas, Massenet (6.30pm); Jose Van Dam, bass, Lausanne Chamber Orchestra, Armin Jordan: Mozart (8.30pm). Both concerts Monday, TMP-Châtelet (233 4444).

Nouvel Orchestre Philharmonique conducted by Friedemann Layer, Jeremy Menuhin, piano: Mozart, Schubert (Mon). Radio France, Grand Auditorium (524 1516).

Berlin Philharmonic Orchestra conducted by Herbert von Karajan: Brahms (Tue). Salle Pleyel (561 0630).

Ensemble Intercontemporain's chamber music soloists: Janacek, Leroux, Ligeti (Thur 6.30pm). Centre Georges Pompidou, Grande Salle (280 9427).

A.R.O.C.E.A. - Festival Choral 1985 (Thur). Salle Pleyel (561 0630).

Paris String Trio: Bach, Lekeu, Bancquart, Mozart (Thur 6.30pm). Radio France, Auditorium 106 (524 1516).

Hercules in the concert version, text by the Rev. Thomas Broughton, La Grande Ecurie et la Chambre du Roy conducted by Jean-Claude Malgoire (Thur). TMP-Châtelet (233 4444).

VIENNA

Vienna Hofburg Orchestra conducted by Gert Hofbauer. Waltzes and light opera. Konzerthaus. (Tue).

Piano evening with Oleg Maisenberg. Mozart, Schubert, Chopin, Debussy and Messiaen. Konzerthaus Mozart Saal. (Mon).

LONDON

Halle Orchestra conducted by Stanislaw Skrowaczewski with Emanuel Ax, piano. Rossini, Chopin and Shostakovich. Royal Festival Hall (Mon). (928 3191).

London Symphony Orchestra conducted by Sir Colin Davis with Stephen Bishop-Kovacevich, piano. Beethoven and Berlioz. Barbican Hall (Tue). (638 8891).

Royal Philharmonic Orchestra conducted by Witold Rowicki with Annie Fischer, piano. Mozart, Beethoven and Stravinsky. Royal Festival Hall (Tue).

London Philharmonic Orchestra conducted by Klaus Tennstedt with Cecile Ousset, piano. Britten, Beethoven and Strauss. Royal Festival Hall (Wed).

London Symphony Orchestra conducted by Geoffrey Simon with Margaret Fingerhut, piano. Smetana, Falla, Tchaikovsky. Barbican Hall (Thur).

City of Birmingham Symphony Orchestra conducted by Simon Rattle with CBSO Chorus, Heinz Holliger, oboe and Ursula Holliger, harp. Berlioz, Martin, Mozart and Ravel. Royal Festival Hall (Thur).

ITALY

Milan: Teatro alla Scala: Claudio Abbado conducting the violinist Salvatore Accardo and the pianist Maurizio Pollini, with the Scala Philharmonic Orchestra. Bach (Mon) (80 91 26).

Rome: Auditorium of Via Della Conciliazione: Yuri Terminkanov conducting Prokofiev and Shostakovich. (Sun, Mon and Tue). (6541 044).

Rome: Oratorio del Gonfalone (Vicolo della Scimmia 1/B – Via Giulia): Lutenist Richard Kolb. (655 952).

BRUSSELS

Palais des Beaux Arts: Stuttgart Chamber Orchestra conducted by Karl Munchingen. Bach (Mon); Belgian National Orchestra conducted by Mendi Rodan with Eugene Istomin, piano. Beethoven, Berlioz (Tue). (512 5045).

NETHERLANDS

Rotterdam, De Doelen. The Rotterdam Opera Choir conducted by Piet Struijk, with Henk Kreukniet, tenor. (Mon, matinee); Arie Keijzer, organ, and Raymond Delnoye, flute. Programme includes premiere of Keijzer's new work for organ and wind ensemble (Mon); Lunchtime concert by Maarten Bon, Marja Bon, Gerrit Hommerson and Ronald Brautigam, pianos. Stravinsky's Sacre du Printemps arranged for four pianos (Wed). (142 911).

Utrecht, Muziekcentrum Vredenburg. The Utrecht Symphony Orchestra under Hubert Soudant, with Ronald Brautigam, piano, and Klesie Kelly, soprano. Bernstein, Gershwin, Rogers, Sousa (Wed); Vera Beths, violin, and Reinbert de Leeuw, piano. Shostakovich, Ives, Antheil (Thur); Recital Hall: Theo Olof, violin, and Daniel Wayenberg, piano. Mozart, Franck, Debussy, Wayenburg, Ravel (Wed). (314 544).

Eindhoven, Globe Theatre. Reinbert de Leeuw, piano. Liszt (Wed). (111 122).

NEW YORK

New York Philharmonic (Avery Fisher): conductor, Zubin Mehta; violinist, Ida Haendel: Karel Husa: Concerto for Orchestra (world premiere), Dvorak, Sibelius (Tue); conductor, Zubin Mehta; cellist, Leonard Bose: Jacob Druckman, Haydn, Dvorak (Thur). Lincoln Center (874 2424)

Carnegie Hall: Chicago Symphony and Choir: conductor, Sir Georg Solti: Verdi (Mon); conductor, Sir Georg Solti: Shostakovich, Bruckner (Tue); conductor, Sir Georg Solti: Wagner, Lutoslawski, Beethoven (Wed). (247 7459).

Eugenia Zukerman flute recital with harpsicordist Anthony Newman: Bach, Scarlatti (Tue 6pm). NY Public Library. 40th & 5th Av. (930 0855).

WASHINGTON

National Symphony (Concert Hall): conductor, Hugh Wolff; violinist, Pinchas Zuckerman: Brahms, Bruch, Bartok (Tue); conductor, Esa-Pekka Salonen: Berio, Webern, Sibelius, Nielsen (Thur). Kennedy Center (254 3776).

TOKYO

Aaron Rosand (violin): Handel, Beethoven, Ysaye, Mendelssohn, Prokofiev, Brahms. Nerima Bunka Centre (large hall). (Thur). (331 4461).

Saleroom/Antony Thorncroft

Very contemporary taste

In the main, the fine art market is sensible—the greatest works, as judged by history and informed taste, fetch the highest prices. But there are certain sectors which defy rational justification; in particular contemporary art, which mainly means the pictures produced in the U.S. since World War II.

There seems to be no rational explanation why a painting by Jackson Pollock or Mark Rothko should sell for $1m, or more, while revered Old Masters like Veronese should fail to make the £200,000 mark at the recent Christie's auction in London. But the pattern will be repeated next week in New York when both Sotheby's and Christie's sell some highly regarded contemporary works of art.

The justification can be that on artistic grounds the Americans, with their abstract expressionism, were creating new art forms: and, on financial grounds, that confident thrusting rich Americans want to decorate their homes with art which expresses the modern world. It is good that contemporary artists should have such enthusiastic patrons.

On May 1, Christie's launches its extended saleroom in New York, appropriately with a very good auction of contemporary art which should establish many records. "Untitled" by Franz Kline, a 1960 oil on canvas, is the largest painting by Kline to be offered in a saleroom and it should beat the record price of $506,000 for a Kline set at Christie's in 1983. There is also a good work by de Kooning which could approach the record $1.21m dollars set in 1983.

Sotheby's sale of the evening of May 2 also includes some de Koonings of top quality, as well as works from the collection of the late Thomas B. Hess, chairman of the 20th-century department at the Metropolitan Museum of Art. Barnett Newman, Jackson Pollock and Philip Guston are included in his group. There are also two very rare paintings by Clyfford Still in an auction which should set many new prices.

By comparison, London appears small beer, although both the major salerooms are disposing of good 19th- and 20th-century decorative arts. Christie's has some hand-knitted William Morris Hammersmith carpets of the 1890s; Peter Waals furniture of the 1920s; and a Russian Revolutionary chess set designed in 1922 by Natal'ya Yakovlevna Dan'ko, "The whites and the reds," which is now on show at the well-received "Art into Production" show at the Crafts Council. Sotheby's has a piano designed and decorated by Alma-Tadema, with a top estimate of £7,000.

FINANCIAL TIMES

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Monday April 29 1985

The future of Austin Rover

THE BRITISH Government is once again assessing the future of Austin Rover, the state-owned volume car manufacturer which is part of BL. Unlike Jaguar it is not an early candidate for privatisation. The question is whether its recent performance justifies support for the ambitious programme of investment contained in the latest corporate plan.

Last year's financial results, after a promising start, were disappointing. Austin Rover is battling to hold its domestic market share at around 18-19 per cent, just ahead of General Motors. Outside the UK its position is extremely weak. It is seeking to rebuild sales on the Continent in the face of fierce composition; most of the European volume car makers are losing money.

In these circumstances there is a plausible case for phasing out support. The European industry can make some 2m cars a year more than are needed. If market forces were allowed full rein and governments did not intervene, marginal companies would disappear. Austin Rover, which sold just over 400,000 cars last year, has neither the volume of a Fiat nor the special appeal of a Volvo. Is not the British Goverment's support an *example* of the "national champion" approach which prevents efficient European companies from achieving economies of scale to match their international rivals?

Contender

Against that, the taxpayer has invested large sums in the business. Under Sir Michael Edwardes and his successors productivity and quality have been greatly improved. To withdraw support would be to throw away the chance of re-establishing a viable, British-owned contender in an industry which, far from shifting to low wage countries, is going through a technological renaissance. Austin Rover's size is a handicap but new manufacturing techniques make it possible to achieve useful economies at lower volumes.

To some extent ministers are locked in. There are no obvious buyers for Austin Rover and, short of a disastrous decline in its fortunes, it would be politically impossible to put it into liquidation. Yet the company has not yet shown that it can become financially self-supporting and find a secure place in an increasingly competitive world industry. Its chances of doing so would be poor were it not for the possibility, now under discussion, of a closer partnership with Honda of Japan.

This collaboration, which so far has involved relatively low-volume cars, may be extended to the joint development and manufacture of a car in the Maestro class—at the heart of the high-volume market. In adidtion, Austin Rover could assemble Honda cars for sale in Europe. These moves would raise the throughput of the Longbridge and Cowley plants and give Austin Rover access to *the Japanese company's* engineering resources.

Determined

The problem, as always, is money—to make the investments needed for the Honda project, to develop new cars and new engines of its own and to meet EEC rules on exhaust emissions. The Government, determined not to put in more equity and anxious to limit the exposure of public funds, may seek to cut back the scale of the corporate plan. (Under the so-called Varley-Marshall guidelines the Government stands behind BL's obligations in the *event of a collapse.*) Yet *if it* pushes too far in this direction the company will be less competitive in the marketplace. Austin Rover cannot easily convert itself from a full-line supplier serving the mass market into a BMW. Another suggested economy would be to forgo a proposed new engine in favour of buying from outside but the company will argue that the use of outside suppliers for its principal models will reduce their customer appeal and pose difficult technical problems.

There will be some hard bargaining during the next few weeks over the balance between inhouse development and buying from outside, over the shape of the model programme and over the financial implications of the Honda deal. The Government's objective must be not to preserve an independant British manufacturer for is own sake but to make use of the asset which Austin Rover now represents and to integrate it into the world industry. The alliance with Honda, together with continuing improvement in the company's own efficiency, offers a possible way forward.

U.S. objectives in Nicaragua

PRESIDENT REAGAN'S efforts to persuade Congress to unblock $14m worth of military aid for the Contra rebels, seeking to overthrow the Sandinista Government in Nicaragua, never deserved to prosper. It ill behoved the U.S. Administration to be seen funding in public the overthrow of a government with which it has diplomatic relations. Such action goes against the basic principle of international relations, the right to self-determination, which the U.S. accepts and which opponents of Mr Reagan in Congress were careful to point out.

The vote means that the Contras become a less viable instrument of American policy in Central America. For the past two years the Contras, operating from bases in Honduras and Costa Rica, have been used as a means of containing and harassing the Sandinista Government. Their existence has made direct U.S. military involvement unnecessary.

Ingenuity

It is widely believed that funds for the Contras can be found from other sources, at least to match the $14m they are being denied for military purposes. But the real issue is that the Contras are not winning their war against the Sandinistas. Not only do they need considerable extra funds to make good their losses, they require a substantial increase in numbers to begin to pose a new threat. President Reagan wants to more than double their current strength.

It seems unlikely that President Reagan can win support for such a force and he will need all his ingenuity to maintain them even at their present levels. This should be seen as a positive development for the region. Extending the civil war in Nicaragua increases the risk of a wider confrontation. For implicit in a larger Contra force is their greater presence both in Costa Rica and Honduras. As it is, both these countries tread a tightrope with Nicaragua through acting as hosts to the existing number of Contras.

President Reagan may now be tempted to consider other more drastic options such as an all out economic boycott of Nicaragua or greater direct military pressure through the U.S. presence in Honduras. But these options are dangerous both in terms of his own public opinion and their unpredictable consequences overseas.

Mr Reagan cannot be expected to alter his deeply-held views over the dangers of communism in Central America, but some reassessment of the aims of his policy is called for.

Objectives

He told Congress that his objectives in realtion to Nicaragua were fourfold: to ensure that Nicaragua ceases aiding rebels in neighbouring countries; reduces its armed forces; removes its foreign (mainly Cuban) military advisers; and accepts a genuine dialogue with the opposition, including the Contras, to establish a pluralistic democracy. There is now no hard proof of continued Nicaraguan military support for the *rebels in El Salvador.* The Sandinistas have offered to establish a dialogue with the opposition and in private have even met with some of the Contras. Only this week were they talking to Miskito rebel leaders.

On the other hand the armed forces have been enlarged and the number of foreign military advisers has not been reduced because of Nicaraguan fears of U.S. military intervention and the war against the Contras. President Reagan can claim with justification that he has made Nicaragua more pliant and has eroded its capacity to export revolution. But it is doubtful *how much more can be achieved* in this direction.

This, therefore, is a crucial phase for U.S. policy in Central America. The most obvious option is the diplomatic one, and it will not be viewed as weakness by a war-weary region. The objectives and details of a regional peace plan are already laid out in the 21-point Contadora draft treaty to which the U.S. has given ambivalent support. The Presidents of Colombia, Mexico, Panama and Venezuela have staked their prestige on this treaty. Nicaraguan behaviour desired by the U.S., including controlled troop levels and the *withdrawal of* foreign advisers. It deserves President Reagan's unambiguous support.

Dachau 40 years on

Ghosts that still haunt the Germans

By Rupert Cornwell, Bonn Correspondent

Terry Kirk

A blitzed and deserted street in Berlin in 1946 and (right) the Hohe Strasse, Cologne, today

THERE WAS once—indeed, there still is — another Dachau. It is a smallish own perched on a low hill about 10 miles north-west of Munich, its pride a *Schloss* now coloured the white and pale yellow of the Bavarian rococo, but which contains what is said to be the finest Renaissance wooden ceiling north of the Alps. Like much of southern Germany, Dachau is a flourishing place, its immaculately maintained historic centre surrounded by small factories and smart post-war housing developments. Much earlier, at the turn of the last century, the soft light and unspoilt peace of the place attracted a colony of artists there to form a school of painting famous in Germany and beyond.

But that, of course, is not the reason why Dachau, or rather a site which bears its name, is the third or fourth largest tourist magnet in Germany. Of the roughly 1m people who come each year, "only 1 per cent or less," in the estimate of the patient philosophical Herr Lorenz Reitmeier, the town's mayor, actually bother to look at Dachau proper, a couple of miles further on. Their destination is the former Nazi concentration camp, now partly restored, complete with an extensive museum and a cinema showing a documentary on Dachau and the Holocaust in several languages.

Exactly 40 years ago — although April 29, 1945 fell on a Sunday — Dachau was liberated by the Americans.

The commemorations will be on a comparatively small scale, and perhaps that is right. The freeing of a single concentration camp, and one that was by no means the worst of its kind, was only a modest part of the history which unfolded at around that time. The formal German capitulation that May 8 not only sealed the physical and spiritual destruction of the country, and led to its subsequent partition; it also marked the end of European pre-eminence in the world, hastened the break-up of colonial empires, and instigated the era of the superpowers.

Yet in purely German terms, Dachau in a way encapsulates the Nazi period and the difficulties and moral dilemmas it has left behind. The life of the camp exactly spans that of the Third Reich, whose enduring shame is less military conquest itself than the inhumanities which preceded and accompanied it. Dachau was the first camp to open, on the orders of Himmler, then chief of the Munich police, just seven weeks after Hitler became Chancellor on January 30, 1933. It "closed" only on the eve of his suicide in the Bunker, by which time at least 31,500 people had died there.

The town, per force, has learnt to live with its unwanted notoriety. Ironically, its support for National Socialism in the crucial elections of the early 1930s was just half the national average. Only in 1939 was the camp land administratively attached to the town, while 80 per cent of its 34,000 inhabitants today were not there when it was freed. Half were not born, while 30 per cent arrived afterwards, refugees from the lost territories in the East, now part of Poland and Czechoslovakia.

But no matter that, in the Mayor's words, "1,200 years of history in Dachau have been wiped away by just 12," that Dachau, along with Auschwitz, is one of the concentration camps everyone has heard of. "It is right to remember and for the young to visit it and most people think that way. Only it must be realised that not just Dachau but all Germany is responsible."

There are signs now that this tolerance may be fraying a little. The trouble, apparently petty but in fact quite revealing, concerns a plan to erect a youth hostel at the camp site. An association has even been formed, the *Förderverein Internationale Jugendbegegnungstätte Dachau e. V.* to back the idea and whose supporters include Herr Hans-Jochen Vogel, the leader of the opposition Social Democrats (SPD). Their argument is simply that the young people who come from far afield (in 1983 alone 6,000 school and youth groups visited Dachau) need cheap lodgings to enable them to stay longer to learn the lessons of what Dachau stands for.

But the conservative Christian Social Union (CSU), the Bavarian party which dominates local Dachau politics, is hotly against the scheme. One reason *is the fear that* Dachau and all it symbolises will be "misused" for political ends, presumably left-wing ones. Another is simple that enough is enough, that Dachau alone should not bear the burden of the German past.

The hostel, of course, will not be built for at least five years, if at all: but the dispute captures the divisions over how to commemorate the 40th anniversary of the war's end, when, as Chancellor Kohl so rightly observed earlier this year, "the eyes of the world will be upon Germany."

Theodor Heuss, the first President of the Federal Republic, remarked in 1949 that May 8 remains "the most tragic and dubious paradox of our history," when Germany "was at the same moment both rescued and annihilated." Amid all the soul-searching of today, those words remain true.

> The bungling over Reagan's visit shows clearly that bygones will not be bygones

The paradoxes and contradictions are everywhere to see, in reaction to Hitler's legacy: relief and pride at democracy and prosperity, yet shame that others had to do what Germans themselves could not do. West Germany is the third economic power of the West, but politically still of limited sovereignty and influence—both because of the presence of 350,000 foreign troops upon its soil and because of its own inhibitions.

Today the country probably has better friends, in the West at least, than any German state *has had in more than a century.* Nowhere is this plainer than in the new relationship with France. And yet the anxieties and uncertainties over the future persist, especially among the young. For a nation split between the tutelage of two superpowers and two ideologies, the visible inheritance from Hitler and defeat have only underlined confusion about what it means to be German.

Herr Willy Brandt has declared that "the German question is closed." But is it? Opinion polls suggest that while most West Germans accept that reunification with East Germany is an unrealistic prospect, they are increasingly unwilling to abandon it entirely. In that, at least, they are at one with their Chancellor.

Herr Kohl rarely lets slip an opportunity to proclaim that "history has not spoken its last word" on the matter, even though he knows full well that [illegible] their public pronouncements, few of Bonn's [illegible] reunification a very appealing notion. Consciously, he has tried to revive wider pride in the country, a nationalism that openly does not now extend far beyond support of the national football team. He is fond of reminding audiences that he is the first genuinely post-war Chancellor since he was only 15 when the war ended and thus too young to have been in any way shaped by the Third Reich.

This June he will also become the first Chancellor in 16 years to attend what promises to be a peculiarly emotional meeting of refugees from what was once German Silesia, now part of Poland. The movement's dream of a return to the lost East may not be a powerful strand in current West German politics, but its feelings are the expression of the bitter side of this season of anniversaries.

But even Herr Kohl is a prisoner of the contradictions. Early last year he insisted in Israel that young Germans could not go on being held responsible for what had happened over 12 lunatic years. But a week ago, at the site of the Bergen-Belsen camp, his emphasis was different, on the "never-ending shame" of Germany at the crimes committed by the Nazis, and on the historical responsibility which the German nation bore for them. It was a brave speech, acknowledging that what happened could not be ignored, that reconciliation with the victims could only be achieved by the acceptance of Germany's history as it was.

But nothing has illustrated the delicacy — indeed near-impossibility — *of marrying* past and future, recognition and reconcilation than the traumatic chronicle of the organisation of President Reagan's state visit this week. It has been admittedly in large measure a self-inflicted disaster, flowing inexorably from the Chancellor's desire to bring the economic summit in Bonn forward by a month or more, to coincide with the anniversary, and his determination to seal post-war reconciliation with the U.S. by a symbolic gesture.

Undoubtedly bungling, and a clumsy reciprocal insensitivity to political realities, played a large part in the demeaning saga, which even now is far from over. The clearest lesson, however, is that bygones will not be bygones.

The continuing outcry in the U.S. and the deep embarrassment in sections of West German public opinion over the plan for Mr Reagan to lay his wreath at the Bitburg cemetery where 47 SS officers are also buried shows, above all, that there is a point at which past and present cannot be reconciled. Had West Germany possessed a proper war memorial, the problem might have been quickly solved. But it does not—further proof of the conflicting symbolism embodied by final defeat.

Even the compensatory 11th-hour addition of a stop by the President at Bergen-Belsen (rather than Dachau to Herr Reitmeier's considerable relief) has not quelled the fuss that proves how strong feelings still are. In domestic politics, too, the old argument goes on, at least as May 8 approaches. Should reunions of SS veterans planned for early May be banned? Was it right for Parliament last week to have passed a Bill which in practice equates the sufferings of the Jews under Hitler with those of the 12m Germans *driven from* their homes westward after the war, and of whom 2.7m died in the process?

One day, presumably, even these ghosts will be laid to rest. But not yet. A mile or two outside Dachau itself stands the Leitenberg hill, looking out over the gentle Bavarian countryside and commanding the best view of all of the old town itself. It was where the bodies of unknown victims of the SS were disposed of, before more advanced means were devised down at the camp. Today, 7,400 are buried there, beneath a *plain lawn scored by thin lines* of paving stones.

Leitenberg is an utterly still place, unlike the camp and its car park filled with buses and cars from every corner of Europe. Next to the graveyard there is an austere memorial chapel built of weathered dull-red brick. Inside there is little, except the flags of the 26 countries whose citizens perished at Dachau. There is also a plaque, bearing words, for some reason in French.

"Tout passe, tout s'efface, hors le souvenir." Everything passes, everything fades away, except memory. Forty years later, that remains the problem, not just for the little town of Dachau, but for Germany. And who is to say that feelings will not be much the same 50 or even 100 years afterwards?

Men and Matters

Behind the news

United Press International (UPI) has had a traumatic three years under the ownership of *Douglas Ruhe* and William Geissler who bought the news agency, reputedly for one dollar, in 1982. The organisation has gone through various phases of expansion, modernisation and severe pruning in the search for financial stability, but to no avail.

The two owners come from a somewhat unconventional business background. They are both members of the Baha'i church, a 19th-century Iraqui faith which stresses the unity of all races and the acceptance of other great religions.

Ruhe was twice arrested for civil disobedience in the 1960s, and Geissler served almost a year in goal for refusing the draft for the Vietnam war. "I did what I felt was honour able," he once said of that period.

After coming together to work on information material for the Baha'i national centre, they later branched out into communications on their own, building up Media News, a small Nashville concern which also owned Focus Communica tions, a company with several Mid-Western television interests.

UPI, an agency which once employed the legendary Walter Cronkite, and whose alumni organisation is known as the "Downhold Club" in celebration of the standard head office order to "downhold expenses," has always been the poor relation of the larger Associated Press.

In the course of their three years at the agency, Ruhe and Geissler seem to have become *the latest victims of these* financial constraints. With no apparent personal wealth and, they have said, no monetary backing from the Baha'i church, their ambitious plans to adopt satellite technology to cut communications costs seem to have proved too expensive for UPI's own resources.

Whether they will retain any interest in the group after the resolution of the latest crisis remains to be seen. The failed recapitalisation plan put forward earlier this year would have reduced their personal stake to around 15 per cent each.

"Quite a peaceful Saturday—apart from the odd pole-vaulter"

Sorry note

"We have got to blow our own trumpets," said Brandon Gough, senior partner at Coopers & Lybrand in a stirring call to the accountancy profession.

What Gough failed to mention to his audience of 200 accountants in Coventry 10 days ago that Coopers' trumpet blowing has landed them in trouble with the Institute of Chartered Accountants.

The problem arose the day after this year's Budget. Copies *of Coopers' Budget Briefing* (drafted in the small hours that morning) were smartly placed on the seats of five Inter City trains into London for executive reading. The "hard sell" did not go down well with several rival accountancy practices who subsequently complained to the Institute.

The matter now rests with the investigation committee within the Institute's professional ethics department. Coopers are understandably sore: several of their rivals placed their own Budget Briefings on aircraft flying out of Heathrow that same post-Budget morning.

On the spot

One picture is worth a thousand words, some reflected in Warsaw at the weekend.

The cameras caught Soviet leader, Mikhail Gorbachev, greeting General Jaruzelski, beneath a picture of tanks sweeping into action with their guns pointed at the Polish leader's head.

Four years ago, when that stern guardian of Soviet ideology, Mikhail Suslow, flew to Warsaw to berate the Polish leadership over Solidarity's campaign, he was snapped in the very same spot. The guns *then pointed at the ill-fated* Stanislaw Kania.

Union's fanfare

Union Discount, one of the few firms in the City which plans to remain independent of the new financial conglomerates, celebrates its centenary this week.

The discount house is to entertain its City friends at a concert by the London Symphony Orchester at the Barbican on Wednesday night—and has compiled the programme around significant dates in its history.

The earliest antecedent of Union Discount was James Bruce, listed in the London Directory as a Bill Broker in 1825. So the chosen overture is from Rossini's opera, Journey To Rheims, written that year.

Two works—Franck's Symphonic Variations and Brahms' 4th Symphony — have been selected from those composed in 1885 when Union Discount was formed by the merger of two London discount houses.

Finally, since there was no English work and nothing to celebrate 1985, Union commissioned Geoffrey Burgon, composer of the Nunc Dimittis music for the TV serial Tinker, Tailor, Soldier, Spy, to write a fanfare for the occasion.

A "first performance," says the firm, "to celebrate the first hundred years of a company that intends to last at least another hundred."

Lords errant

What Sir Winston Churchill used to call "the weapon of the grimace" is being used increasingly by Lord Denham, Government chief whip in the House of Lords, in an effort to control his more verbose peers.

Despite the militant ring of his official title — Captain of the Gentlemen at Arms—Denham has a relatively slender armoury at his disposal to discipline his ranks.

He can move a resolution that a "noble lord can be no longer heard." But that is a drastic action — sledgehammer to be used only to crack a nut.

But with more peers clamour*ing to be heard in televised* debates — more than 50 spoke in the recent debate on the Bill to abolish the GLC and the metropolitan counties — Denham had to do something about long-winded speakers who take undue advantage of the fact that debates in the Lords are open-ended.

So he fixes offenders with a stony stare. His initial tactic is to swivel round from his seat on the Government front bench with a warning glare. If that does not produce the desired result, Denham has been known to move to another seat in the peer's direct line of vision to wither him.

Observer

Foreign Affairs: France

Maginot line dogma comes under assault

By Ian Davidson

ONE OF the most constant and puzzling factors on the European political scene these past 25 years has been the durability of Gaullism in France as a strategic doctrine of national independence. Other countries may wobble and waver, go through agonising debates about nuclear deterrence and the utility of Euromissiles and stage mass demonstrations. France enjoys, at the level of public and political debate, an ostensible consensus which the Socialists, once in power, have simply made their own. French serenity on defence issues may not be coherent, rational or admirable, but it has been in some sense enviable.

It is puzzling because everyone knows that, if the enemy is the Soviet Union, a strategy of French national independence is an absurdity. Over the years strategic thinkers, troubled by the obvious, have attempted to come up with declaratory refinements.

But the central taboos have remained untouched. No major party and no major politician dares publicly question, let alone repudiate, the two essential ingrediants in Gaullist dogma: national independence, and the absolute priority of pure deterrence through the nuclear component of the arsenal. It is, if you like a kind of re-incarnation of the Maginot line, though the analogy hardly appeals to Gaullists.

President Mitterrand has felt bold enough to challenge other ingredients in the Gaullist inheritance. He is ostensibly prepared to welcome a large increase in majority voting in the European Community's Council of Ministers; he has given public support to the idea of a new European Treaty which would increase the powers of the European Parliament; he is even prepared to propose proportional representation in French general elections. But he has not admitted to any breach in the central principles of Gaullist defence doctrine.

Both these taboos come under frontal attack in a book just published in France called L'Avenir de la Guerre—The Future of War. Its author, Pierre Lellouche, is assistant director of the Institut Francais de Relations Internationales and a young luminary of the French strategic affairs establishment. The fact that he has chosen to make so brutal an assault on the ark of the Gaullist covenant suggests that he believes the times are now ripe for an honest political debate on the flaws in French defence doctrine—the first for a quarter of a century. Let us hope so.

The central thrust of his book is not just to expound a critique of the long-standing flaws and ambiguities in Gaullist doctrine but to argue that these flaws have become more dangerous over time as a result of the unfavourable evolution of the strategic situation. "The object of this work is to sound an alarm at the increasignly flagrant inadequacy of our defence system in the face of the political, strategic and technological realities of the closing years of our century." A little further on he claims that Europe and the Western Alliance are passing through a crisis which amounts to an "historic mutation of the collective security system set up in 1949."

When General de Gaulle took France out of Nato in 1966, thus redoubling his public commitment to national independence, he did so in the knowledge that the move was essentially risk-free. The U.S. had successfully faced down the Soviet Union in the 1962 Cuban missile crisis and, though America's nuclear dominance was shrinking in the face of the Soviet build-up, the credibility of the U.S. nuclear umbrella was still largely intact. Admittedly, the U.S. was pressing for a more *subtle* alternative to the doctrine of massive retaliation and General de Gaulle resisted the transition to flexible response on the grounds that it implied an American reluctance to use nuclear weapons in defence of Europe. Nevertheless, the U.S. guarantee was still essentially sound; so while de Gaulle may have been flattering French *amour propre*, and engaging in gratuitous trouble-making in the Alliance, he was not jeopardising French security.

Twenty years later, according to Lellouche, this situation has entirely changed: the U.S. nuclear umbrella which once protected Europe has now closed. Of course this may be an overstatement. The Russians cannot be certain if it has closed; it is in the nature of nuclear weapons that adversaries look at the opposite ends of the probability scale, and even a small probability of nuclear engagement may be enough to deter.

Nevertheless, there is no denying the multiplication of outward and visible signs in recent years of a growing American aversion to nuclear options: Henry Kissinger's warning's to Europe not to ask America for guarantees that cannot be promised, the unofficial campaign for a doctrine of No Early Use or even No First Use by Robert McNamara and others, the official campaign for stronger conventional defence in Europe so as to raise the nuclear threshold, the popular Freeze movement in the U.S., and most recently President Reagan's Strategic Defence Initiative which aims to repudiate retaliatory deterrence.

Technology has also worked against the credibility of the French nuclear deterrent *as an independent national force*. It is all very well for the French to assert an anti-cities targeting doctrine; but when the Russians have a multiplicity of high-precision missiles which can take out French land-based missiles and airfields, what then? Many people argue that nuclear weapons merely protect the territory of the possessor, for only then are the stakes high enough; by extension, argues Lellouche, France's small (and therefore anti-city) force can only deter an attack aaginst French cities.

Nato allies may criticise the Gaullist doctrine of national independence for attempting to encompass the option of armed neutrality. Lellouche attacks it for its total unrealism, the blind faith of its high priests that the nuclear deterrent *must* prevent any threat to France.

M Charles Hernu, the French Defence Minister, has said: "There must not be a battle, because our defence posture is founded on deterrence." And President Mitterrand has said: "The keystone of the deterrence strategy in France is the head of state, is me: everything depends on his determination. The rest is just inert matter." But as Lellouche points out, the decision as to whether there will be a battle and on what terms, does not depend on France. It is simply absurd to base a defence policy on the dogma that there cannot be a battle.

At the centre of the absurdity is the dogma that France, with its moderate forces, can straddle the contradictory choice between Alliance solidarity and the national sanctuary, epitomised in the typically elegant formulation that French liberties are defended on the Elbe, and French vital interests on the Rhine. Even if a sanctuary policy were to stop the Russians at the Rhine, argues Lellouche, the net result of the conquest of Germany and the Low Countries could only be the political serfdom of France at the end of the European peninsula.

The only purpose of an independent national defence doctrine, he argues, is to maintain national independence. Since this can only be maintained by the maximum deterrence of any Soviet attack against Western Europe as a whole, the front line for France must be, not the Rhine, but the Elbe. Logically, therefore, France should double its force in Germany to 100,000 men, to join in the forward defence of Nato without qualification or argy-bargy.

Naturally, Lellouche does not propose that France should reintegrate with Nato—that would simply raise the anti-American hackles in France; and he argues, plausibly, that the only way to ensure that *nothing* happens is to debate institutional choices—Nato, Western European Union, European Community. The essence is to reach an operational agreement with Germany, in liaison with the Nato forces, on conventional and tactical nuclear doctrine while retaining French control of nuclear weapons. This side-steps the thorny political question of hypothetical subordination to an American commander-in-chief, but unequivocally links the French nuclear deterrent with the forward defence of Europe.

But if the U.S. nuclear deterrent has become incredible, how can the French deterrent become credible for Germany? Through military involvement in the forward battle, and through the stake of national survival; in the last resort, the U.S. could sacrifice its 350,000 men in Europe, with their nuclear wepons unfired, but 100,000 French troops in Germany equipped with tactical nuclear wepons would be a guarantee in unequivocal terms of French commitment, whatever the theoretical freedom of action of the French President. The one strategy which is not credible for France, says Lellouche, is the strategy of the fortress, which condemns the besieged to the choice between slow death and suicide.

General de Gaulle: a 25-year doctrine

Naturally, the counterpart of his proposals, which also include a substantial increase in the size of the French nuclear forces, must be a bigger defence budget; he suggests an increase from 3.5 per cent of GNP to 5 per cent. But he maintains that such an increase is necessary, whatever the strategy, because at current spending levels the conventional forces have been dangerously starved of equipment. (Britain already spends over 5 per cent of an admittedly smaller GNP.)

Some may think Lellouche is too alarmist. Even if French doctrine is absurd and tiresome, and even if there has been a serious deterioration in the strategic environment, there appears no imminent danger of war in central Europe. Nevertheless, there can be no argument in favour of a defence strategy which is ill-designed for war and counterproductive in peace.

A practical demonstration on the ground of France's commitment to the forward defence of Germany (to which it is in any case bound by treaty as a member of Western European Union) would send enormously powerful signals throughout the Atlantic Alliance and to the Soviet Union.

It would help to persuade both the U.S. Congress (and the Kremlin) that the Europeans were taking their defence more seriously. A common strategy would, by definition, enormously enlarge the scope for arme collaboration. And it would make a big contribution to the civilian construction of a more united Europe; not the least of the paradoxes of Gaullism is that Mitterrand believes fervently in European integration, yet clings, on the most important issue of all, to illusion of the option of armed neutrality.

Perhaps the ghost of de Gaulle will prove too strong to allow any change. But at least let there be a debate about it.

L'Avenir de la Guerre Pierre Lellouche Mazarine, Paris.

See also France's Deterrent Posture and Security in Europe David S. Yost. Adelphi Paper IISS, 23 Tavistock St. WC2.

Lombard

Thatcherism and theology

By Michael Prowse

TO PROMOTE a "materialistic market-orientated individualism as the key to human and social progress," argued the Bishop of Durham in his recent Hibbert lecture, is to make a "destructive mistake about the possibilities and needs of men and women and to turn one's back on real political and social progress."

To return to the ethics of 19th century entrepreneurial individualism, he maintained, is "either nostalgic nonsense or else a firm declaration that individual selfishness and organised greed are the only effective motivations for human behaviour."

These remarks, even though tempered by scepticism for the "romantic utopianism" of socialism, read like a full-blooded attack on Thatcherism. The Prime Minister, after all, has become associated with Victorian values while acceptance of the virtue of market-orientated individualism lies at the heart of "New Right" political thinking.

Those Tory MPs who demanded that the Archbishop of Canterbury should "eat coal in public" as a penance for his even-handedness during the miners' strike, and who seem convinced that the clergy should concern themselves with matters spiritual not temporal, will be further irritated that the Bishop of Durham's theme was "freedom." How dare an Anglican bishop rubbish the New Right's concept of freedom and substitute a less self-orientated version of his own.

It is not easy to pin down precisely the concept of freedom the Bishop is striving for in his lecture. But it is clear what he regards as false definitions. Freedom is not to be found in the individual pursuit of profit in a capitalist economy. But neither will it be fostered by the collective organisation of an atheistic socialist state. The free man is rather he who puts God and his community first and self-interest a long way behind. Human freedom is communal in character: it is achieved through our joint response to God's divine project of establishing an "ideal community" of peace, justice and love.

"History," argues the Bishop, "can, must and will be related to the kingdom and community of God."

If the Bishop is right, Christians must begin to take more seriously their responsibility to help build the "ideal community." They can no longer stand aloof from political and economic debates but must start effectively to relate biblical traditions to the *actual state of affairs* in this country. In short, the Anglican church should copy the example of Roman Catholic priests in Latin America and begin to forge a British "*liberation theology*."

Every liberation theology is unique because it is a response to particular needs at a particular time. Unlike the Latin American variety, a British liberation theology need not be dominated by Marxist thinking although the Bishop suggests some of its diagnoses should be taken "very seriously." It would, however, have to stress the primacy of action.

A British liberation theology, the Bishop accepts, would promote innovation and risk-taking: trade unions would have to become more flexible and the Government more willing to decentralise. But the Christian pursuit of an ideal community would also seem to require a much greater commitment to economic equality as an end in itself. The unthinkable, such as maximum and minimum wages, must become thinkable. There must be greater stress on "systematic and social caring." Above all, we must become more communal and less selfish: we should "commit ourselves to conscious, explicit and shared efforts to develop our common good and multiply our common resources."

The Bishop's central message, the New Right should note, is surely that a society governed by materialistic individualism will fast become a sick society. The alternative to individualism is not Godless collectivism but Christian co-operation and caring. The task of a British liberation theology is to forge a selfless rather than selfish image of freedom and to make equality and sharing fashionable again.

Letters to the Editor

Underwriters to the issue

From the Executive Secretary, Association of Authorised Public Accountants.

Sir,—The spirit of competition that the Government firmly believes in is strangely absent when engaging underwriters to act on its behalf in the matter of privatisation.

It was painfully obvious, even to the lay public, that the recent privatisation of British Telecom was grossly undervalued by as much as £1bn-£2bn. This was clearly borne out by subsequent events extreme oversubscription for shares followed by even better than anticipated net results of profits.

These additional funds lost to the Chancellor of the Exchequer would have made a dramatic difference to his Budget, and would have enabled him to have given the tax reliefs hoped for, with all the consequent beneficial multiplying economic effects this would have had throughout the economy.

May we see for *future* flotations, a more realistic return to the Exchequer by invoking competition amongst the financial institiutions that are eager to act on behalf of the Government. In such large transactions, it would not be unreasonable for the Government to call for tenders from the leading financial institutions enabling it to select the best financial return guaranteed to the Exchequer. Unless this is done in the future, the country will continue to lose out heavily, and I would point out that the BT issue was not the first or only example of such serious under valuations.

I am sure that the Chancellor of the Exchequer will find that in the difficult area of valuing the share issues of public utilities, there is no better yardstick he can use to the benefit of the nation's purse, than that of applying the principle of competitiveness.

S. A. Coxhead.
10, Cornfield Road. Eastbourne, Sussex.

Trade and diplomacy

From the Head, News Department, Foreign and Commonwealth Office

Sir,—I cannot allow the letter (April 12) from Richard Oake, Ove Arup Partnership, to remain unchallenged. To say that the Foreign Office gives too much priority to political matters and too little helping exports is to ignore that commerical work is, in terms of manpower, the main overseas function of the diplomatic service and senior locally engaged staff. About a third of our manpower resources overseas are devoted to it, which is more than double the resources devoted to political work.

As to training, the Foreign and Commonwealth Office attaches great importance to the proper preparation of staff for commercial work, and to continual on-the-job training. All diplomatic service officers selected for this work undergo an intensive five-week course, during which great emphasis is placed on giving private firms and organisations the opportunity to explain what they want from commercial departments overseas. They also undertake individual programmes of visits to interested firms before taking up their appointments. Similar, but shorter, arrangements apply to locally engaged staff. Besides regular duty tours in this country, regional commercial conferences overseas, and attendance at private business courses, commercial officers also come to London, usually 20/25 at a time, for specialised technical briefing courses in collaboration with industry.

Of course political work continues to be a central role of the Foreign and Commonwealth Office and the diplomatic service. British firms often draw on the political expertise of the diplomatic service as much as they do on its commercial information. But, I can assure Mr Oake and others that our diplomats need no reminding of the importance we attach to the promotion of Britain's commercial interests.

C. J. R. Meyer.
King Charles Street, SW1.

International gateways

From the Public Affairs Director, British Airports Authority.

Sir,—Of course Harry Patchett (April 15) is right to point out the importance of Manchester Airport as an international gateway.

We think that it is only right that wherever possible passengers should be able to fly abroad direct from the regional airport of their choice. This is already happening, as demand increasingly justifies the airlines in providing commercially viable services.

But development of regional airports does not preclude the need for further capacity to meet demand in London.

There are two key points that need to be emphasised. Approximately 65 per cent of passengers who travel between London and the regional airports actually start or finish their journey in London. Clearly Manchester and other regional airports have much to lose if there is inadequate capacity in the London system. It is the interlining traffic at London's airports which could be lost to European airports, ie, those passengers who switch from one international flight to another. This is 17 per cent of traffic.

The point about Aberdeen is correct. It is the sixth busiest airport in terms of passengers handled. Perhaps the FT was referring to the fact that it is the third busiest regional airport. Incidentally it is the world's busiest heliport.

In this major growth industry we need development of both regional airports and London's airports otherwise we could jeopardise the 1.38m jobs directly or indirectly attributable to tourism and the £4.5bn which foreign visitors spent here last year.

Peter Sanguinetti.
Gatwick Airport, Gatwick, West Sussex.

Penalties for late payers

From Mr M. Barnard.

Sir,—I refer to your item "New penalties for late payers—VAT" (April 17).

As usual the requirements of the civil servants seem to completely ignore normal commercial considerations and practice. Consider the situation where a taxpayer is paying VAT for a quarter ending on March 31. The outputs (sales) side of the formula would be available very quickly after March 31, the inputs (purchases) side, however, cannot be completed until the value of March purchases is known. Since most industries operate on "monthly account," these purchases would be due for payment on April 30. After allowing approximately 10 days after March 31, to receive suppliers invoices relating to the last week of March (and sometimes earlier), the purchase ledger is closed and the process of collating the invoices begins. By the time the invoices have been checked and coded, the purchase ledger posted and suppliers statements reconciled and queries resolved, it is very difficult to meet the deadline of April 30, particularly if the weekends in the month fall badly or a Bank Holiday intervenes.

There is no laxity in these matters on the part of accountants, since in many cases, settlement discounts are offered for prompt payment. Those unacquainted with this process should be advised that in most cases, the numbers of invoices run into hundreds per month, and in some cases, thousands. Only after all this has been done, can the VAT return for the quarter be completed.

It would make more practical sense if the filing period for the return were extended from one month to six weeks, and only then should the penalties apply, in order to prevent abuse.

M. J. Barnard.
Ivydene, Chadwick Hill, Stourport-on-Severn, Worcs.

Sponsors and the arts

From the Director, Public Affairs, Tobacco Advisory Council

Sir,—Sir Roy Shaw's suggestion (April 22) that the Government takes over the provision of finance for the section of arts sponsorship currently provided by the tobacco industry is a simplistic proposal indeed.

Shouldn't artistic endeavour be free to choose fiscal and other backing from whatever sources it pleases, rather than be obliged to seek or accept either exclusive or additional support from the taxpayer? And is there any substantive reason to suppose that Government, or the Arts Council, would necessarily reimburse arts ventures

FURTHER LETTERS

as precisely as the tobacco-sponsored arrangements hitherto?

The relationship between sponsors and the endeavour being sponsored in any case rarely rests solely upon monetary considerations. It is wholly probable that the responsible style and sensitive way in which tobacco sponsorship has developed over the years has deservedly won a host of friends and supporters. Fortunately there are many more moderate and temperate people than there are those holding extreme views, although sometimes that fact is rather hard to believe.

A. D. C. Turner.
Glen House, Stag Place, SW1.

A heavy blow

From the Director of Research, Prudential Portfolio Managers

Sir,—Your edition of June 25, 1984 contained the following headline in the U.S. Bonds column: "Optimists dealt heavy blow by news of economic growth." Being a practitioner of dismal science myself, I find this a most appealing sentence and am going to have it enlarged and hung on my office wall. I should explain that this came to light as a result of moving my office.

Ken West.
142 Holborn Bars, EC1

FINANCIAL TIMES

Monday April 29 1985

Bugs invest in golden future

Terry Byland on Wall Street

I MUST have turned left instead of right when walking down Wall Street last week, for I stumbled into what seemed to be a satanic convention. Not a cloven hoof's throw from that Stock Exchange floor where President Ronald Reagan so recently prophesied the bull market to end all bull markets, opinions were freely exchanged that would strike anyone off the White House visiting list.

Republican-suited entrepreneurs, old enough and prosperous enough to know better, said things anathema to the Reagan Administration. President Reagan's popularity, it was suggested, has "peaked." U.S. inflation been "massively understated" over the past two years, and, for good measure, "the real consequences of the federal budget dilemma (are) becoming more apparent."

But these comments must been seen in context. And the context was a meeting of Wall Street's "Gold Bugs" – those who continue to see gold bullion as the financial refuge of the prudent man. They were celebrating the opening of trading in gold price options on the American Stock Exchange – the Amex.

Hitherto, it has been possible to trade gold bullion, gold coins or future contracts in gold bullion. But, with Mayor Koch of New York cutting the tape and, reportedly, striking the first trade, investors can now trade options on the gold price itself. Since the option, by definition, is cash-settled, investors can avoid even the prospect of taking delivery of the physical metal.

The occasion brought together the high priests of the New York gold market so it was hardly surprising that the comments expressed were bullish for the yellow metal. But it is hard to be bullish for gold without sounding downright bearish for the dollar, inflation and the U.S. economy – as the comments reported above indicate.

Amex gold options will be traded through the Amex Commodities Corporation, a subsidary of the Amex. The Amex already houses an active business in stock index options trading and hopes that gold options will further buttress New York's position as the major gold trading centre.

Put and call gold option contracts, representing 100 ounces of bullion, will eventually be scheduled to expire in February, April, June, August and October, with four expiration dates available at any one time. The first month currently open for trading is the June option.

The appetite of the Gold Bugs and, hopes the Amex, of investors as well, has been whetted by the recovery of nearly 8 per cent in the bullion spot price from its low point earlier this year. The recovery has been a reflection of the downturn in the dollar, so it is hardly surprising that the Gold Bugs will have no truck with last week's revival of support for the dollar.

Mr Jeffrey Nichols, president of American Precious Metals advisors, believes that the factors which depressed gold last year may now be shifting to the bullish side of the balance. Inflationary expectations may be rising again in the wake of the 0.5 per cent jump in consumer prices in March – the largest rise since January 1984. The dollar, he believes, is now on the way down and the problems of the federal deficit will remain intractable, especially if the Reagan Administration seems to be less soundly seated in the saddle.

"Gold will outperform other financial assets over the next two years," is Mr Nichols' considered view. Like his fellow gold bulls, he has little faith in the ability of world governments to curb monetary expansion. The U.S. Government's borrowing requirements will continue to generate excessive monetary growth, fuelling inflation and creating a bull market for gold.

Even less convinced of the virtues of governments was Mr Ron Paul, a former Texan Congressman who sees both Republicans and Democrats as spendthrifts. He alarmed the more sensitive members of his audience by predicting that daily jumps of $300 or more in the gold price will be seen this decade, as inflation really gets out of hand.

One bullish factor for gold over the longer term may see a shift in perceptions of the metal as an investment, especially on the part of U.S. institutions. The decade since enactment of Employee Retirement Income Security (Erisa) has seen the U.S. pension funds actively diversifying their assets – and not only on a geographical basis.

Moreover, U.S. private investors, forbidden to hold gold until 1973, have been remarkably successful in spotting the highs and lows of the bullion cycle. Mr Howard Ruff, chairman of Target Inc, commented that demand for coins and medals has risen sharply in recent weeks, and that private investor demand for silver, which has traditionally been a frontrunner for bullion prices, has also swung sharply higher.

The assembled experts were a little chary of committing themselves to forecasts for the bullion price. However, targets of $400–$500 an ounce in one year, or $500–$550 or even $1,000 per ounce over the longer term, were voiced.

Price gains of that order would provide a very sound reason for buying gold options. But there are no options on crystal balls.

Thatcher looks for better ties with Moscow

By John Hunt in London

MRS Margaret Thatcher, the UK Prime Minister, said yesterday that she wants to have more talks with Mr Mikhail Gorbachev, the Soviet leader, but she is not sure whether it will be possible to meet him when he visits the United Nations in New York in September.

"I don't know whether we would be going to the UN at the same time," she said. "But obviously I would like to take advantage and see him again."

Mrs Thatcher is going to the Commonwealth Conference in the Bahamas in October and it is understood that she may precede this by attending the 40th birthday celebrations of the UN. There could then be an opportunity for a meeting with the Soviet leader.

Speaking on a BBC Radio world 'phone-in programme, Mrs Thatcher said that under Mr Gorbachev there might be a "little bit more" of an improvement in Anglo-Soviet relations than under his predecessors.

She rejected Mr Gorbachev's proposal for a nuclear freeze, arguing that this would leave Moscow in a position of superiority in theatre nuclear weapons. Despite mounting criticism at home, she was still firmly committed to the introduction of Trident.

It was Britain's independent nuclear deterrent and without it the UK might have to surrender to an enemy in a nuclear conflict, she said. Questioned about the cost, which some now estimate as high as $11bn ($13.3bn), she said that it was still better value than the equivalent amount of tanks and aircraft that could be bought with the same money.

She thought that Mr Gorbachev was different from any other Soviet leader she had met and he was willing to debate fundamental issues. Nevertheless, she warned against expecting him to initiate big changes in Soviet policy.

Mrs Thatcher reaffirmed her belief that he was the sort of man Britain could do business with.

With characteristic gusto, Mrs Thatcher, who will be 60 in October, emphasised her desire for a third term in office. "I would love to go on being Prime Minister," she declared. "There is no greater aspiration."

Answering a wide range of questions, mainly on foreign affairs, she came out strongly against any suggestion of initiating trade sanctions against South Africa.

Philip Stephens adds: Mr Nigel Lawson, the British Chancellor of the Exchequer, said yesterday that Japan would face strong pressure at this week's summit in Bonn to liberalise further both its import regime and its capital markets.

Mr Lawson, speaking on BBC Radio, said that the general theme of combatting protectionism would be a key item on the agenda of the seven-nation talks.

Japan, which benefited from an undervalued currency because of the closed nature of its capital markets, would be urged to implement as quickly as possible its promised liberalisation measures, he said.

Thatcherism and theology, Page 19

THE LEX COLUMN

Junk food from Wall Street

Every few years a craze grips the U.S. stock market. For a time it is all the vogue; then it either vanishes quietly or collapses, like the real estate investment trusts of the 1970s, leaving behind a trail of empty-handed investors. The current wave of hostile bids – with their attendant greenmail, poison pills and shark repellents – is a classic symptom of the crest of a bull market. But it may bequeath a legacy which is all too prone to lose its value; and in this case, the sums are frighteningly large.

It is the use of high-yielding, or "junk" bonds issued by small companies to enable them to bid for much larger ones that poses the threat. Whether it is Mr T. Boone Pickens bidding for Unocal or Sir James Goldsmith for Crown Zellerbach, the technique is the same. Based on the pro forma assets of the combined group, investors are asked to put up money for the bid in return for bonds with coupons typically in the high teens and ranking low in the company's pecking order for repayment in the event of bankruptcy.

Bidders resort to this expensive form of financing because equity tends to be hard to place while debt, at a price, can almost always be sold. But if the takeover goes ahead, the gearing of the combined group is vastly increased. Triangle Industries, for example, with a net worth of around $85 and net income of about $2m, borrowed $428m at rates of 18 per cent or so to buy National Can, a company whose gearing in the last report and accounts was already over 60 per cent.

As a response, the company is often broken up and assets sold to bring down the gearing. This approach may realise a higher aggregate value for the business, but it cannot be right for a break-up to be forced upon management by the ruinous cost of servicing its debt.

Of course, shareholders need not accept the offer. But under U.S. rules a bidder is allowed to tender more to shareholders who accept early. So they may end up with a Hobson's choice between being disloyal to the company or hanging on and receiving less.

Investors, meanwhile, earn a far higher return on their junk bonds than on Treasuries or highly-rate corporate issues with similar maturities. And the ones that agree to come in at the beginning, before the bonds are traded on a secondary market, receive a commitment fee too. These are often people who are making bids themselves for other companies. As long as the issuing house – generally Drexel Burnham Lambert – promises to register the bonds so they can be traded, these up-front investors can offload their holdings within weeks or months.

But like a chain letter, the first to buy win out and the ones caught holding the bonds at the end stand to lose. Buyers in the secondary market include insurance companies trying to maximise their investment returns in the trough of the underwriting cycle, pension funds, savings and loans, mutual funds and private individuals. In the competitive world of fund management, it is hard for one manager to resist taking advantage of the higher returns his competitor is winning. And the arbitrage, in a sense, is imbalanced: a thrift institution, for instance, has federally-insured deposits on one side which it then invests at a much higher rate in debt of a single-B rated company. The credit risk is borne in the end by the taxpayer.

So far, as proponents of junk bonds are quick to point out, these investors have been amply rewarded, as long as their portfolios have been broadly-based. A recent study shows that over the last ten years, the average default rate on bonds rated below BBB was ony 1.6 per cent, while the pick-up in yield over top-drawer bonds has been around 5 per cent.

But times have changed. Junk bonds used to be securities issued by companies in their prime whose credit rating had subsequently been downgraded. Today's borrowers have often never had the glory of an A to their name. They are extremely highly-geared and have bought other companies at prices reflecting the last few years of record earnings. With the economy now softening, it is not hard to envisage a combination of disinflationary recession and high real interest rates in which the companies could fail to earn a high enough return on their assets to service their debt. With their collateral rapidly losing its value, assets would be hard to sell and in the event of Chapter 11 bankruptcy, junk bondholders would come a long way down the queue.

Legislation

More in response to cries from beleagured companies than to such prospects of calamity, nine bills have been introduced in Congress to stem the flow of these junk bonds. Some aim to ban them entirely in hostile bids; but since almost any target company describes a first offer to shareholders as derisory, the problem of defining what is hostile might block that route. Another suggestion is to disallow the tax deductibility on interest paid on junk bonds.

Those bankers concerned about the issue are suggesting rules along the lines of the UK. While corporate financiers here may carp at the strictures of the Takeover Code, it would at least forbid the wilder goings-on across the Atlantic. Just for once, the Americans might have something to learn from us.

Review is urged on N-waste disposal

By David Fishlock in London

A STRONG indication of interest among the leading developed nations in common repositories for radioactive waste is given in a report to be discussed at the Bonn economic summit this week.

Until now, there has been a marked reluctance by most developed nations to accept radioactive waste from other countries. The report, however, calls for an international review of the merits of "a policy of optimising the number of storage and disposal sites for radioactive wastes from the point of view of costs, environmental impact and the point of view of costs, environmental impact and logistical considerations." This recommendation is made in the report on the environment, which was called for at the London Economic Summit last year. The study, under the chairmanship of Sir Robin Nicholson Britain's chief scientific adviser, was made by top scientific advisers from Canada, France, West Germany, Japan, Italy, the UK and the U.S.

They were asked by their governments to consider what had been done and what should be done on the causes, effects and means of limiting environmental pollution.

Their report finds long-term economic growth is possible only "if we perfect and conserve the environmental resources which underpin prosperity." Economic policy should provide companies "with the necessary latitude so that they can adjust to stricter environmental regulations without a large degree of friction."

Sir Robin's committee, under the aegis of the economic summit's technology, growth and employment working group, believes that putting "an appropriate and realistic value" on environmental resources could provide the framework for achieving environmental quality objectives within a market economy.

International co-operation in environmental science and technology is considered essential "not simply to avoid duplication and to make the best use of financial and manpower resources, but because the nature of many environmental problems demands an international approach to research and development."

There was considerable agreement between specialists from the seven countries on the state of knowledge and the scientific priority

Mercedes makes fast progress in West European car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

THE West European car market was more competitive than ever in the first quarter of this year. Only 1.9 percentage points, or about 51,000 unit sales, separated Fiat of Italy in first place from Renault of France at number six.

A new element this year is the rapid progress of Daimler-Benz, the Mercedes group, among the specialists, mainly at the expense of its arch-rival, BMW.

Following the launch of the "small" Mercedes, the 190, which extended the company's car range at the end of 1983, and the introduction of the new medium-sized model, the W 124, last autumn, Mercedes has been making dramatic headway, particularly in its domestic market.

In the first quarter of this year, Mercedes accounted for 12.3 per cent of total West German car sales against 9.9 per cent in the same period of 1984.

WESTERN EUROPE CAR MARKET

First Quarter	1984	1985
Total market	2.88m	2.74m
	% share	
Fiat	13.2	12.9
Ford	12.2	12.2
General Motors (Opel-Vauxhall)	12.3	12.2
Volkswagen/Audi	11.7	12.1
Peugeot/Citroën/Talbot group	11.3	11.6
Renault	10.9	11.0
Austin Rover	4.0	3.9
Mercedes	3.2	3.6
BMW	3.3	2.6

Industry sources

This was enough to enable Mercedes to overtake Ford (which moved down from 11.2 per cent to 9.6 per cent) and move into third place.

Mercedes' registrations bucked the trend in West Germany and rose by 2.4 per cent to 69,700. Those of BMW fell by 34.1 per cent to 32,700 and its market share dropped from 7.2 per cent to 5.8 per cent.

BMW points out that there were special circumstances: in the early part of last year its sales were boosted by the launch of the four-door version of the top-selling 3-series while in the first quarter of 1983, the new 3-series was introduced.

BMW has also been boosting exports to the U.S. to take advantage of the high value of the dollar.

However, there must be some concern at BMW's Munich headquarters about its current performance in Europe, where its first-quarter sales were down by 24,000 cars to 72,000 and its market share dropped from 3.3 per cent to 2.6 per cent.

BL investment, Page 7; Land Rover sales, Page 8; editorial comment, Page 18

Ford follows U.S. car industry pattern with first quarter slip

BY TERRY DODSWORTH IN NEW YORK

FORD MOTOR has followed the other two big U.S. car companies in announcing sharply lower profits for the first quarter. It blamed the downturn on a higher tax charge this year.

Net income amounted to $783m or $4.20 a share, against $897m or $4.90 in 1984, while sales rose 2 per cent to $13.2bn.

Ford said that on a pre-tax basis, the group achieved a record $1.3bn profit for the quarter, an increase of $18m, and the 16th consecutive quarterly improvement against the prior year.

Taxes chipped away at the company's profits both in the domestic market and overseas. In the U.S. Ford's after-tax profits fell to $626m against $683m, while the company's market share rose by just short of 1 percentage point to 19.9 per cent.

Outside the U.S. Ford's earnings dropped to $157m from $214m. Despite heavy discounting in the European market. Ford said the drop was more than explained by higher taxes, adding that unit volume and pre-tax profits were higher overseas than a year ago.

World-wide sales of cars, trucks and tractors were up by 3 per cent to 1.48m units. At the end of the quarter, cash balances amounted to $5.9bn.

● **Commodore International,** the U.S. home computer manufacturer, plunged to a third-quarter net loss of $20.8m or 67 cents a share, compared with profits of $36.3m or $1.18 a year earlier, and warned that it expects a loss for the full year, **our Financial staff writes.**

Mr Irving Gould, chairman, said earnings were affected by "a price reduction in February, a reluctance of retailers to rebuild rapidly their depleted Commodore products inventory, and by the general slowdown in our non-U.S. sales."

Nine-month earnings plummetted from $110.7m or $3.59 a share to $10.1m or 33 cents. Sales dropped from $966.9m to $751.2m, and from $326.2m to $168.3m in the quarter.

Despite the downturn the company said it was well-positioned for renewed growth and profitability in the near future. The Commodore PC10 and PC20, introduced in February, had been very well received in Europe and production rates were being stepped up.

Mr Gould said initial shipments of the Commodore 128 personal computer would begin at the end of the current quarter.

● **Wheeling-Pittsburgh,** the big U.S. steel group which filed under Chapter 11 of the U.S. bankruptcy code earlier this month, has reported a first-quarter loss of $25.8m or $5.52 a share, against a deficit of $4.9m or $1.82 a year earlier.

Sales slipped from $258.9m to $240.9m, while shipments slipped from 594,282 tons a year-earlier to 532,384 tons.

The company also reported losses for the 1984 fourth quarter and year of $49.8m and $59.4m respectively. Annual sales rose from $772.3m to $1.05bn. Wheeling-Pittsburgh said increased production levels were now in prospect through the second quarter.

● **McDonnell Douglas,** the St Louis-based aerospace company, increased its earnings by 36 per cent in the first quarter of this year, helped by buoyant volume in the combat and transport aircraft divisions, and a $10m non-recurring after-tax gain on the sale of land

Net income amounted to $91.7m, or $2.28 a share, against $67.5m, or $1.69 a share, a year ago. Sales were up by 35 per cent to $2.7bn from $2bn.

The company said the earnings figure was depressed to some extent by higher interest expense and the fact that the information systems group had a larger loss this year, primarily because of amortisation connected with acquisitions.

The F/A-18 aircraft and AH-64 helicopter programmes boosted sales by 25 per cent in the combat aircraft sector, while sales were up by 80 per cent in transport aircraft because of the delivery of 15 MD-80 twin-jets.

BA ready to pay $30m in Laker suit

Continued from Page 1

Beckman again in Washington last week and there seems to be real confidence now that he and Sir Freddie will accept around $8m each, which was proposed by the settlement.

A crucial figure in the days ahead will be Mr Ed Acker, the chairman of Pan Am. Both Pan Am and TWA are faced with costs significantly higher than they expected a few months ago – and higher, even, than the costs they might anticipate in fighting the Morris suit through a full trial. Both have consistently denied, as have all the co-defendants, any conspiracy against Sir Freddie's former Skytrain service on the North Atlantic air routes.

Pan Am has suffered a chronic squeeze on its cash resources in recent years. Indeed, it was Mr Acker's arrival at the top in the summer of 1981 and his determination to revitalise Pan Am's competitiveness which sparked off the 1981–82 transatlantic fares war leading directly to Laker's collapse.

Pan Am's finances have now been bolstered by the sale of its Pacific routes for $750m last week. Mr Acker still appears to need convincing on important details of the BA plan; but given Pan Am's support, BA's efforts on behalf of all the airlines now appear to have assembled a settlement which could finally put the Laker battle behind them.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	F	19	66	Malaga	–	—	—	Salzburg	Sn	5	41
Akrotiri	S	23	73	Faro	S	17	63	Malta	R	24	75	Seoul	C	17	63
Algiers	–	—	—	Florence	F	18	64	Manila	S	32	90	Singapore	R	31	88
Amsterdam	F	8	46	Frankfurt	F	4	39	Miami	S	27	81	Stockholm	C	8	46
Athens	F	23	73	Funchal	R	14	57	Milan	S	17	63	Strasbourg	Sl	4	39
Bahrain	S	29	84	Geneva	F	6	43	Moscow	C	3	37	Sydney	R	22	72
Bangkok	S	35	95	Gibraltar	F	19	66	Munich	C	3	37	Taipei	C	24	75
Barcelona	F	15	59	Guernsey	S	7	45	Nairobi	C	21	70	Tangier	–	—	—
Beirut	S	24	75	Helsinki	S	6	43	Naples	C	17	63	Tehran	–	—	—
Belgrade	F	22	72	H. Kong	C	23	73	New Delhi	S	40	104	Tel Aviv	S	28	82
Berlin	F	6	43	Innsbruck	C	7	45	New York	S	20	68	Tenerife	S	20	68
Biarritz	C	13	55	Inverness	Sn	1	34	Nice	S	17	63	Tokyo	S	19	66
Blackpool	F	7	45	Istanbul	S	23	73	Oporto	S	17	63	Toronto	S	14	57
Bordeaux	C	12	54	Jersey	S	9	48	Oslo	C	4	39	Tunis	S	24	75
Brussels	F	4	39	Jo'burg	S	24	75	Paris	F	9	48	Valencia	F	18	64
Budapest	R	9	48	Las Palmas	C	20	68	Prague	C	5	41	Venice	–	—	—
B. Aires	R	24	75	Lima	S	25	78	Reykjavik	C	7	45	Vienna	C	6	43
Cairo	C	36	97	Lisbon	S	18	64	Rio de J'o	C	34	93	Warsaw	R	7	45
Cape Town	F	19	66	Locarno	S	13	55	Rome	S	22	72	Zurich	F	5	41
Caracas	C	26	79	London	S	10	50								
Casablanca	–	—	—	Los Angeles	S	30	86								
Copenhagen	F	5	41	Luxembourg	C	4	39								
Corfu	R	19	66	Madrid	S	18	64								
Dublin	R	5	41	Majorca	F	19	66								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

Gold miners sacked

Continued from Page 1

al Reefs' south division. This led to the "irrevocable" dismissal of a further 14,200 men, the largest mass sackings by the gold mining industry.

A spokesman for NUM said yesterday that mine police were using tear gas and rubber bullets to clear men from the mine compound. Mr Gush said that he could not confirm this claim but said that the toughest men were leaving the mine voluntarily.

The recent stoppages have already led to the loss of production of about one tonne of gold worth about R20m ($10.3m) at Vaal Reefs. Production at the mine's south division, which last year produced 36.6 tonnes of gold and 967 tonnes of uranium oxide, is effectively halted and the mine has started to recruit replacement workers.

Last November Sasol, the oil from coal producer which supplies about one-third of South Africa's liquid fuel, dismissed 6,000 men who participated in a widespread work stoppage which had been called to protest against the country-wide arrests of black political and union leaders. Most of the men were subsequently re-hired by Sasol which however refused to employ organisers of the stoppage.

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Uncertain outlook keeps Eurobond investors cautious

BY MAGGY URRY IN LONDON

INVESTORS in the Eurodollar bond market are well and truly on strike. The outlook for both interest rates and the currency is so uncertain that none are prepared to stick their necks out. Meanwhile, the excesses of syndicate managers mean a heavy oversupply of new bonds trading well outside their fees – Nestlé Holdings excepted.

The only Eurodollar deal to be launched on Friday was the expected issue for Banque Extérieure d'Algérie. The $500m floater is part of a major financing package, and the books ended up in the hands of Citicorp. The issue is very much a hybrid between a floater and syndicated loan. It gives the borrower better terms than a loan would – the cost, taking in fees of 1⅛ per cent, is about 60 basis points over London interbank offered rate (Libor) on a compound basis to the first put, after eight years. In return investors get a more tradeable instrument.

By the end of the week, dealers had little else to do but gossip about the new Euro-D-Mark issuing rules and which foreign bank would be first across the line this week. The market theoretically opens on Wednesday, but that is a holiday in West Germany so the first deal under the new regime may appear on Thursday. Rumoured deals include a straight, a floater and a zero – in other words every type of issue possible. Sovereigns were popular guesses for the borrowers.

The third Euro-French franc deal since the market reopened is expected today, to be led by Société Générale for Peugeot.

Syndicate managers were saved from complete immobility on Friday afternoon by Salomon Brothers' launch of a Eurosterling zero coupon issue for Dow Chemical, with a redemption value of £300m.

Many UK bankers had agreed that this young and tender market, which had stumbled when its second deal was launched, would benefit from a slightly larger, slightly longer issue from a good U.S. corporate name.

In the event, Dow Chemical, with its single A rating, was perhaps not what had been wanted. The 12-year life was better – the two previous deals had been for seven years – but the size and the issue price, at 29, were considered by some to be too high.

At a price less the total fees of 1.303 point, the bonds yield 10.99 per cent to maturity on a semi-annual basis, while similarly dated gilt-edged stocks yield around 11.30 on average.

Salomon, with co-lead Hambros Bank, won the mandate after some competitive bidding and decided to underwrite the whole issue between them, only inviting a selling group. The company had been looking at the market for some time and is thought not to be swapping the proceeds.

The dollar's volatility has upset the continental bond markets, with prices in both the D-Mark and the Swiss franc bond markets down around ¼ to ½ point last week. In Switzerland though, the primary market continues to see lower yields, with UBS cutting the coupon on Japan Development Bank's SwFr 100m public issue to 5½ per cent, with a 99¾ issue price, down from an indicated yield of 5⅝ per cent. This is the lowest coupon on a public issue since the end of January.

Only the European currency unit market seems unruffled, though even there the two-tranche issue for the South African Electricity Supply Commission met some resistance – on political rather than pricing grounds.

Malaysia's success with its £75m bulldog issue, which was 15½ times oversubscribed and traded on Friday at a premium to issue price, is a mark of the growing maturity of this market. It is the first long-dated bulldog for an Asian sovereign borrower – Malaysia has an outstanding 1988 issue.

Investors – largely the UK institutions – are now more prepared to look beyond the top name borrowers which were the main issuers in the market's early days. While the World Bank was known to all as a good risk, the institutions generally did not have the expertise to study a less familiar credit. That has changed.

Investors find it worthwhile to assess these lesser credits because the yields on their issues are higher. That has become even more important as yield margins on bulldogs over the benchmark gilt-edged stock have narrowed.

Spain, for instance, launched an issue in February paying a margin of 140 basis points over the reference gilt for long-dated stocks, Treasury 13½ per cent 2004-08. That issue has traded at a margin as low as 93 basis points since and now stands at around 35⅛ compared with its £30 paid price.

Looking further back, Sweden paid a margin of 225 basis points in January 1983, while in October 1984 the same borrower launched a deal with a margin of 135 basis points over the gilt. Those two issues are trading with margins well below 100 now, a market move allowing Malaysia to price its issue at 120 basis points above the gilt.

Margins have come in partly because the institutions' demand for paper has increased as they seek fixed interest homes for their long term funds – investments which have been getting rarer. Also the market has become more liquid as it has grown, encouraging previous abstainers into bulldogs – thereby increasing demand again.

But just as important have been the tax changes effected over the last year. First, bulldogs and other fixed rate sterling issues were given the same year-and-a-day capital gains tax exemptions as gilts had had. Then the abolition of "bond-washing," a way of turning income into capital gain which had not been particularly practical in the bulldog market, gave another boost to bulldogs.

● Gotthard Bank, which is controlled by Japan's Sumitomo Bank, said on Friday that it has received permission to lead manage a bond issue for Itoman, a Japanese trading company, from the Japanese Finance Ministry, adds AP-DJ from Lugano.

Overseas subsidiaries of Japanese banks are not normally permitted to lead-manage public bonds for Japanese concern in overseas markets.

Gotthard Bank said the decision acknowledged its extensive activity on behalf of Japanese borrowers on the Swiss capital market in recent years.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
U.S.$	1,390.5	67.3	1,838.0	27.0
Prev	2,110.6	355.7	3,634.2	245.4
Other	761.0	4.8	163.9	4.1
Prev	1,466.3	225.4	113.0	123.5
Secondary Market				
U.S.$	20,652.3	714.9	14,543.3	2,107.5
Prev	10,939.6	678.9	6,876.1	1,234.5
Other	2,928.5	61.4	474.9	1,259.6
Prev	2,420.1	73.5	987.1	1,064.4

	Cedel	Euroclear	Total
U.S.$	12,660.1	28,680.8	41,340.9
Prev	7,669.8	18,405.1	26,074.9
Other	2,918.2	2,740.1	5,658.3
Prev	3,409.7	3,063.6	6,473.3

Week to April 25, 1985 — Source AIBD

BHF Bank bond average

April 26		Previous
101.761		101.843
High	1985	Low
102.860		99.840

Setback for Unocal takeover defence

By Our Financial Staff

UNOCAL, the U.S. West Coast oil company, suffered a setback in its attempts to fight off Texan oilman Mr T. Boone Pickens when a federal court judge ruled that the company's annual meeting, scheduled for today, should be delayed at least until May 13.

Mr Pickens's investor group had asked the court in Los Angeles to adjourn the annual meeting for at least 20 days. Postponement of the meeting gives Unocal's shareholders more time to consider Mr Pickens's $54 a share offer. At the same time, it allows Mr Pickens's group more time to reconsider its offer.

The court judge found preliminarily that Mesa Petroleum, Mr Pickens's company, and Unocal both appeared to have violated disclosure requirements in various filings with the Securities and Exchange Commission.

Separately, the Pickens group said it would ask shareholders at the meeting – when held – to approve a 60-day adjournment, during which it may propose an opposing slate of directors and financial restructuring of Unocal.

Meanwhile Tenneco, the Houston based conglomerate which has been the subject of persistent takeover rumours, yesterday reported a 59 per cent fall in first quarter net income to $63m, but said that it still expected its full year earnings to exceed last year's.

Mr J. L. Ketelsen, Tenneco's chairman, said the decline was expected and due largely to the shutdown of the J. I. Case North American manufacturing facilities for most of the first quarter. The group earned 34 cents per share in the latest period, compared with $1 per share last year.

The company is forecasting a sharp turnaround from the losses in its oil refining and marketing activities following the introduction of its upgraded refinery.

Swedish flop heightens fears on standby credits

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

A DEEPENING sense of uncertainty has gripped the Euronote and Eurocredit market amid expectations of further moves by leading central banks to tighten up on the capital backing requirements for finely priced standby facilities.

Talk of borrowers having to pay more for their money intensified last week as bankers digested Sweden's spectacular failure to raise a Y100bn Eurocredit from the Japanese banking community. That episode contains few rational implications for the rest of the market but there is nothing like a clear-cut flop in one sector for concentrating the mind elsewhere.

That is why bankers are now ready to pounce avidly on any sign that a finely-priced deal is in trouble. Some would have had the $500m facility for Unilever going slowly last week. In fact it was already oversubscribed on Friday just a week after its formal launch. And rumours galore abounded on the $200m, eight-year facility being assembled by Merrill Lynch for Danish Export Finance.

By Friday this was said in some quarters to be in deep trouble, partly as a result of a wholesale boycott by Japanese banks. But here, the rumour mill had again overreached itself. There is no doubt that the deal has met some stiff resistance because of its low 7¼ per cent basis point facility fee, but, said Merrill Lynch, "there has been an adequate level of Japanese interest and support. We see no problem in closing syndication very shortly."

The truth of the matter is that for the time being real, upward pressure on pricing remains rather weaker than many bankers would wish. Above all, it appears to affect deals for slightly lesser rated borrowers which offer little ancilliary business. For a borrower such as Unilever, relationship considerations easily override yield objectives. For Danish Export Credit, that is less likely to be the case.

Here worries about possible capital requirements do come into play. And insofar as Denmark's deal has met resistance from some Japanese banks, that does suggest these institutions are now taking account of Ministry of Finance plans to impose a capital requirement on Euronote underwriting obligations.

More than anything else, the immediate upshot seems likely to be a wider differentiation between individual credit risks in the market. That could be the first sign the whole market has turned, but it does not have to be, especially when top-rated borrowers can still command very fine pricing indeed.

Such is likely to be the case with Éléctricité de France, which on Friday awarded a $400m mandate to Bank of America, Bank of Tokyo, Bankers Trust and Société Générale. Terms on this multi-purpose facility will not be revealed until tomorrow, but market expectations centre around a facility fee of around 6½ basis points which suggests that French borrowers at least have made few concessions to the stricter regulatory environment.

A major background factor remains the shortage of good lending opportunities, which is why any reasonably priced conventional credit is these days assured of instant success. Hungary's $300m World Bank co-financing credit has met a highly enthusiastic response. And interest is already keen for a forthcoming smaller deal for Czechoslovakia.

One small postscript, meanwhile, on one of this year's more difficult deals, the $500m facility for Turkey. The borrower drew a first $100m in three-month bank advances last week. Though Citicorp is not revealing full details of the terms, it did say on Friday that the sale brought in eight new lenders to Turkey, some of whom accepted a yield on the paper of less than ½ per cent over Libor.

On the rescheduling front, the news is generally rather gloomy. Peru postponed a meeting with its bankers last week at which it was to have discussed future interest payments on its $13.5bn foreign debt. Argentina is still refusing to make any fresh payments on public sector debt, despite arrears now approaching the $1bn mark. This week will see these arrears move beyond the six month level, making it virtually certain that the U.S. agencies responsible for supervising the banking system will again declare Argentine loans officially "sub-standard" when they meet in June.

As already reported, efforts by the Philippines to complete its $10bn rescheduling package from bank creditors have suffered a new setback. Seven banks, including Lloyds, Crédit Lyonnais, Société Générale and Rainier National, have threatened to withdraw from the deal following a row over non-payment of debts by Planters Products.

Nicaragua is limping along with efforts to meet its foreign debt obligations. Last week it announced it had reached a new payments schedule with leading creditors, including 11 U.S. banks, covering $381 in principal and interest due up to June 16 next year. The bulk of these payments are simply to be rolled forward until the agreement expires at an interest rate of 1¼ per cent over Libor, but Nicaragua has undertaken to make token payments of at least $34.2m meanwhile.

U.S. MONEY AND CREDIT

Volcker comments end six-week rally

THE six-week-old rally in the U.S. credit markets ran out of steam last week as speculation of further sharp falls in interest rates subsided and the market began to have second thoughts about the Federal Reserve's short-term policy stance.

The markets started the week on a strong note. On Monday the Fed Funds rate was trading as low as 6¾ per cent at one stage and the rate on the weekly Treasury Bill auction fell to its lowest level since January 1983.

The average rate on the 13-week bills fell more than 40 basis points to 7.62 per cent and the rate on the 26-week bills plunged by a similar amount to 7.87 per cent.

At the longer end of the market, the Government long bond, Treasury 11¼ per cent, due 2015, which had been trading below 95 less than five weeks before, put on another ¼ to touch 100¼, where it was yielding 11.22 per cent.

However, the credit markets turned around on Tuesday. Widespread expectations of either a cut in bank prime rates, which could easily be justified by the current rate structure, or a cut in the official discount rate, had fuelled the market's upbeat mood in the previous few days.

When neither materialised, market sentiment began to turn and comments by Mr Paul Volcker, Federal Reserve Board chairman, to the Georgia Bankers Association on Tuesday finally broke the market's euphoric mood. As so often happens, Mr Volcker's words could be interpreted several ways.

He reiterated his concern about the high budget deficit and said that given the U.S. dependence on foreign capital inflows, it would "be difficult to get declines in interest rates." There was nothing that he had not said before but on this occasion, the credit markets took it to mean that perhaps the *Fed had not eased after all.*

Over the next couple of days long bond prices fell by a couple of points, pushing up long bond yields by close to 20 basis points. A surprise 2.3 per cent drop in U.S. consumer durable goods orders in March and a $300m fall in the weekly money supply figures, both of which could have been interpreted bullishly by the credit markets, failed to revive the previous week's positive tone in the market.

To a large extent last week's setback in the U.S. credit markets was no more than a technical correction after the recent strong rally, which has seen long-term bond yields tumble by 75 basis points since early March.

Indeed, the correction was concentrated in the longer-term markets. Short-term money rates were virtually unchanged on the week and the effective weekly average fed funds rate of 7.69 per cent was the lowest since June 1978.

With the Fed Funds at these sorts of levels, the credit markets would like to believe that the Fed has signalled its interest rate intentions. But the *short-term money markets in* particular are in a confused state.

The April 15 U.S. tax deadline means that the money supply figures and the financial markets are being distorted by some big and unpredictable money flows. In addition, last week's money supply numbers included higher than expected borrowings from the Fed discount window, which was surprising since the Fed Funds rate was trading well under the 8 per cent discount rate. Many analysts took this to mean that perhaps the Fed was not being as accommodative as they had been led to think?

The U.S. credit markets have also been confused by the behaviour of the U.S. dollar over the last week. Since it peaked in late February at around DM 3.47 it has slid steadily downwards and began the week under DM 3. However, it has bounced back sharply and by Friday was trading above DM 3.13. Some foreign exchange traders are predicting that it will be back to DM 3.30 by end June

The head of Barclays New York foreign exchange trading operations, for instance, is bullish about the dollar in the short term because he thinks U.S. rates will stay reasonably high in order to attract the foreign capital it needs to finance the budget deficit.

In the short term, tomorrow's news will be an important factor in determining the market's immediate mood. The March index of leading economic indicators is expected to show a 0.5 per cent rise and the quarterly Treasury refunding is expected to consist of a $19.5bn package, raising $8.7bn of new cash.

William Hall

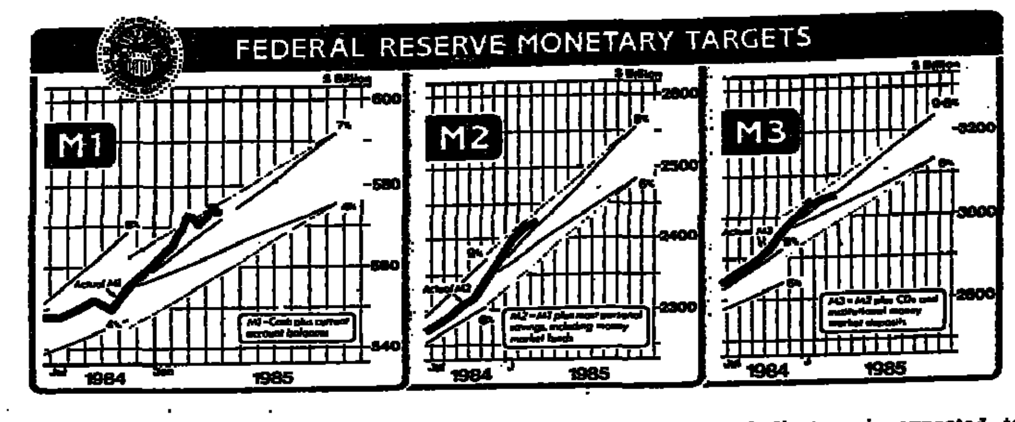
U.S. MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	—12-month— High	Low
Fed Funds (weekly average)	7.88	8.08	8.34	11.77	7.82
Three-month Treasury bills	7.80	7.79	8.16	10.77	7.58
Six-month Treasury bills	8.03	7.98	8.53	10.83	7.87
Three-month prime CDs	8.20	8.25	8.75	11.90	8.05
30-day Commercial Paper	8.05	8.00	8.65	11.38	7.85
90-day Commercial Paper	8.08	8.08	8.65	11.50	7.90

U.S. BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	102⅛	− ⅞	11.22	11.05	11.63
20-year Treasury	102¼	− 1¼	11.63	11.46	11.90
30-year Treasury	98⅝	− 1¼	11.41	11.26	11.65
New 10-year "A" Financial	N/A	− 1	11.88	11.70	12.25
New "AA" Long utility	N/A	− 2	12.50	12.25	12.88
New "AA" Long Industrial	N/A	− 3⅛	12.38	11.86	12.50

Source: Salomon Bros (estimates).
Money Supply: In the week ended April 15 M1 fell by $300m to $573.6bn.



UK GILTS

Caution on interest rates pays off

CAUTION sometimes pays off. Though unwelcome in themselves, the dollar's recovery and the oil jitters which hit sterling last week must have been seen by the Bank of England as a welcome vindication of its recent stance on interest rates.

The criticism that the Bank had been keeping short-time rates unnecessarily high lost most of its credibility as the dollar once again confounded forecasts that it was heading for a sustained fall.

Hopes of an early base rate cut evaporated and the rise in money market rates left Barclays and Midland, with base rates at 12¾ per cent, looking more comfortable than National Westminster and Lloyds at 12½ per cent.

The arch-pessimistics were even suggesting that if the dollar's rebound proved durable and oil worries persisted then the next move in base rates could be upwards.

Of course the situation could reverse itself next week—there were signs on Friday that the dollar's recovery may have been overdone—but it was the volatility of the markets which *had been one of the main* reasons for the bank's caution.

The increasingly baffling gyrations on the foreign exchange markets also underlined how sensitive the gilt-edged market is to sterling's performance at present, particularly with oil prices weakening.

Most stocks registered losses of a ½ to 1 point and the Government Broker's funding efforts stalled as institutional investors stayed out of the market until the outlook for sterling becomes clearer.

The lull in funding is unlikely to have yet provoked undue concern in the Bank—in the weeks previously it kept up a fairly rapid pace of sales.

If it were to continue for another week or so, however, it would probably be more serious. The Bank needs to keep up the momentum of funding throughout the early summer months—both to match upcoming redemptions and to dampen monetary growth.

New debt sales will also have to be timed fairly carefully so *as not to drain institutional* liquidity first during the flotation of British Aerospace and subsequently during the British Telecom call.

The setback for the pound also refocused the market's attention on the April money supply figures, due out a week tomorrow.

Forecasts for the growth of sterling M3 are still at a tentative stage but most brokers are suggesting another high figure. Brokers Hoare Govett and Rowe and Pitman have both pencilled a figure of 1 per cent, while Philips & Drew is estimating a rise of 1 to 1½ per cent.

That would leave sterling M3 at the top or just outside its 1984/85 target range of 6 to 10 per cent, and well above the 5 to 9 per cent set for the current financial year.

The component of the figures that everyone (including the Bank of England) will be watching is the growth of bank lending, to see whether the high level of real interest rates *has yet made any impact on* credit demand.

The forecasts so far assume lending will be in the £1.25bn to £1.5bn range, compared to the £1.8bn in March. A figure below the predicted range would probably rekindle hopes of base rate cuts, but anything much above would reinforce the mood of caution.

Ahead of the money supply statistics most brokers were last week forecasting that — barring another major shift in sterling's fortunes — the gilt-edged market looked set to fluctuate around its present levels.

Over the longer term, however, there is still a fair degree of optimism. Despite the possibility of occasional storms, most brokers are still expecting base rates of 10 per cent by the end of the year.

Philip Stephens

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AHFC O/S Fin 11¾ 94	100	100¼	−0⅛	11.60
Amer Savings 12 89	125	99¼	−0⅞	12.07
Amer Savings 12¼ 89	100	101⅞	+0⅛	11.63
Asian Dev Bk 11⅝ 93	100	100⅛	0	11.60
Australia 11⅛ 90	100	102⅛	−0⅛	10.68
Australia 11½ 93	300	101⅛	+0⅛	11.29
Australia 11⅝ 98	100	101⅛	+0⅛	11.43
AIDC 11 89	75	99½	+0⅛	11.13
Austria 15½ 88	75	110⅛	−0⅛	11.07
Bk America 12 87	200	102⅛	−0⅛	10.66
Bk Nova Scotia 13⅝ 87	100	103½	0	11.74
Bank of Tokyo 13⅝ 91	100	106⅞	−1	11.96
Bank of Tokyo 13⅞ 89	100	106⅞	−0⅞	11.73
Bqe Nat Paris 13½ 89	150	106	−0⅛	11.64
Bqe Nat Paris 14⅛ 90	250	106½	−0⅛	12.43
BFCE 16 86	200	107⅛	−0⅛	10.54
Br Col Hydro 11⅝ 93	200	101½	−0⅛	11.50
Br Col Hydro 12½ 14	200	101½	−1¼	12.68
Br Col Hydro 12⅞ 13	250	101½	−1¼	12.68
Britoil Fin 11⅞ 90	125	100⅛	+0⅛	11.67
Canada 10⅞ 88	500	100⅛	−0⅞	10.69
Casio Computer 5⅞ 89	80	111⅛	−0⅛	2.65
CCCE 12⅛ 95	75	102	−1¼	12.20
Citicorp O/S 10 86	300	99½	−0⅛	10.40
Citicorp O/S 10⅛ 90	100	94⅛	−0⅛	11.85
Citicorp O/S 11½ 88	100	99½	+0⅛	11.62
Citicorp 11⅝ 90	100	101	−0⅛	11.45
Citicorp O/S 12 87	200	100⅛	−0⅛	11.55
Citicorp O/S 14 94	100	101⅛	0	13.70
CNCA 13¼ 91	100	104⅛	−0⅞	12.09
Coastfed Int 12⅛ 88	125	102⅛	−0⅛	11.32
Comp Bancaire 13⅞ 90	75	105⅞	0	12.24
Comsat 12¼ 91	100	99½	0	12.37
Creditanstalt 13⅛ 91	100	104⅞	0	11.94
Daiichi Kangyo 12⅛ 90	100	102⅛	−1⅛	11.66
Dart and Kraft 7⅛ 86	85	94⅛	+0⅛	8.45
Denmark 11⅛ 90	100	99⅛	−0⅛	11.94
Denmark 12⅛ 92	250	100⅛	−0⅛	12.56
Denmark 13 92	100	101	−1⅛	12.74
Denmark 13¼ 91	100	104⅛	−1	12.18
Denmark 13⅞ 88	100	105⅞	−0⅛	11.67
Taiyo Kobe 12 90	100	100½	−0⅞	11.83
Texaco 10½ 90	200	96⅛	0	11.41
Texaco 10½ 93	200	96⅞	+0⅛	11.20
Texaco Capital 13½ 89	200	106	−0⅛	11.59
Texas Instr 11⅞ 91	150	101	−0⅛	11.61
Tokai Asia 12⅛ 91	100	101⅛	−1⅛	11.78
Tyko Electric 6½ 89	70	93	0	8.68
Tkyo Electric 13½ 89	100	107⅞	+1½	10.92
Tront-Dom 12⅛ 89	50	101⅞	+0⅛	12.01
UBS 12⅛ 91	100	102½	+1½	11.64
Veba 8 93	70	107⅛	−3⅛	6.86
Warner-Lambert 10⅛ 90	100	96⅞	+0⅛	11.17
West LB 11⅞ 90	100	99⅛	+1	11.98
Weyerhauser 11½ 90	60	99½	+1⅛	11.59
Yasuda Trust 12⅛ 89	100	101⅛	−0⅛	11.79

FLOATING RATE NOTES	Issued	Price	Chg. on week	C.cpn
Arab Bank Cpn ⅛ 96	100	99⅛	+0⅛	10⁵⁄₁₆
BAII ¼ 91	50	98⅞	0	10¹⁄₁₆
Banca Lavoro ⅛ 91	100	99⅛	−0⅛	9⅛
Ban di Rma ⅛ 92 CU	75	99⅛	0	10⁵⁄₁₆
Banco Hispan ⅛ 95	100	99⅛	0	11⅛
Bankers Tr NY ¼ 94	200	100½	0	9½
Bank of Greece ¼ 94	150	99⅛	+0⅛	9⁵⁄₁₆
Bnk of Montreal ⅛ 94 E	100	100	−0⅛	13⅛
Bank of New York ⅛ 96	75	99⅛	0	9⅛
Bqe Nat Paris ⅛ 88	250	100⅛	0	8¹¹⁄₁₆
Bqe Nat Paris ⅛ 89	250	100	−0⅛	10
Bqe Nat Paris ½ 91	125	100½	0	12¹¹⁄₁₆
Bqe Nat Paris ⅛ 96	250	100	−0⅛	9⅛
Barclays O/S ⅛ 90	100	100⅞	+0⅛	9⅞
Barclays O/S ⅛*	600	100⅞	−0⅛	10¹¹⁄₁₆
BBL ⅛ 95	100	100⅛	−0⅛	9⅞
Bqe Nat Paris ⅛ 88	400	101	+0⅛	10⁷⁄₁₆
BBL ⅛ 99	100	99⅞	−0⅛	9⅛
BFCE ½ 87	400	100⅛	+0⅛	9¹¹⁄₁₆
BFCE ¼ 88	125	100⅛	0	10⅞
BFCE ⅛ 88	500	100⅛	+0⅛	9⅛
BFCE ⅛ 99	600	100⅛	0	10¹⁄₁₆
CEPME ⅛ 96 £	100	100	−0⅛	13⅞
Citicorp O/S ¼ 91 £	100	99¼	−0⅛	13¹¹⁄₁₆
Caisse Nat Tel ¼ 91	250	100⅛	−0⅛	10⅛

	Issued	Price	Chg. on week	Yield
Australia 8½ 91	15	103⅛	−1⅛	7.71
Australia 8⅝ 92	15	104⅞	−1⅛	7.75
Denmark 8⅛ 92	15	104½	−0½	7.43
Eurofima 6½ 86	10	99⅞	−0⅛	6.63
Eurofima 7⅛ 94	10	101⅛	−0½	7.20
Eurofima 8⅛ 88	10	103	−0⅛	7.71
Euro Invest Bk 7¾ 89	15	101⅛	−1	7.28
Euro Invest Bk 8⅛ 92	15	104⅛	−0⅛	7.43
Finland 8⅛ 87	15	101⅛	+0⅛	7.69
Finland 8⅛ 89	15	102½	−1⅛	7.68
IADB 7½ 94	15	100½	−0½	7.41
IADB 8⅞ 91	15	106½	−0⅞	7.56
IADB 7⅞ 93	15	102⅛	−0⅞	7.44
New Zealand 7⅛ 90	15	100	−0⅛	7.11
New Zealand 7⅛ 89	15	101⅞	−0⅛	7.10
New Zealand 8⅛ 87	15	103⅛	−0½	6.90
Sweden 8½ 90	15	102⅛	−0½	7.85
World Bank 7 94	20	98½	−1	7.26
World Bank 7⅛ 93	20	101⅛	−1⅛	7.33
Int Bk Rec Dev 8 93	20	103⅞	−0⅞	7.33
World Bank 8⅛ 92	20	105	−0⅞	7.41
World Bank 8⅛ 91	20	108⅛	−0⅛	6.97

LUXFR STRAIGHTS	Issued	Price	Chg. on week	Yield
Eur Coal & Steel 7¾ 88	500	96⅞	0	8.57
Eur Coal & Steel 7¾ 88	600	95⅛	0	9.20
Eur Coal & Steel 10½ 94	1bn	102⅞	+0⅛	9.88
Eur Invest Bk 10½ 94	1bn	103⅛	0	9.86
Int Bk Rec Dev 10⅛ 89	1bn	103⅞	+0⅛	9.07

GUILDER STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 8 89	200	102⅛	0	7.31
ABN 7⅛ 89	150	101⅛	+0⅛	7.30
ABN 8⅛ 88	150	103⅞	+0⅛	7.38
Amro Bank 8 89	200	102	+0⅛	7.38
Amro Bank 8⅛ 88	100	103⅛	0	7.66
Bk Mees & Hope 8⅛ 89	100	102⅛	0	7.50
Beatrice Foods 8⅛ 89	100	101½	−0⅛	7.73
C C Rabo 8 89	150	101⅛	0	7.47
C C Rabo 9 88	100	104⅛	0	7.48
Denmark 8½ 91	100	101⅞	−0⅛	8.09
Int Stand Elec 8⅞ 88	100	103⅞	+0⅛	7.51

	Issued	Price	Chg. on week	Yield
Shell (Canada) 14⅛ 92	125	109	−0⅛	12.38
Shell (Canada) 15⅛ 91	100	111⅞	−0⅛	12.91
Standard Chart 11½ 94	200	100	0	11.47
Statoil 12 88	100	103	−0⅞	10.76
Sumitomo Fin 12⅛ 91	150	103	−0⅞	12.02
Sweden 12½ 89	200	103⅛	−0½	11.38
Swedish Export 11⅛ 89	100	99⅞	−0⅞	11.50

YEN STRAIGHTS	Issued	Price	Chg. on week	Yield
Asian Dev Bk 5⅛ 88	15	96⅛	−0⅛	6.90
Asian Dev Bk 7⅛ 94	15	100⅛	−0⅞	7.27
Asian Dev Bk 8⅛ 91	15	103½	−0⅛	7.53
Asian Dev Bk 8⅛ 92	15	104½	−1⅛	7.78

	Expiry date	Price	Chg. on week	Ex yield
Penney J C 10⅞ 90	15/10/87	13¾	+0⅛	7.60
Post-O Kred 11⅛ 90	15/11/87	10	+1	9.57
Ryl Bk Scot 11½ 93	15/11/88	18	+3	9.00
Texaco 10½ 93	15/11/87	13	+4	8.95
Texaco Cap 12⅞ 92	1/9/87	39	−1	5.70
Thmsn-Brdt 13⅛ 91	29/8/86	41⅛	+0⅛	5.37
Weyerhaeuser 11 90	15/11/87	12	+2	8.91
Xerox 13⅛ 87	15/8/85	32	−5½	−1.31

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is billions.
FLOATING RATE NOTES: U.S. dollars unless indicated. Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=current coupon.
CONVERTIBLE BONDS: U.S. dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.
* Perpetual.

Closing prices on April 26.

CORPORATE FINANCE

Arbed reshape nears completion

ARBED, the Luxembourg steel group, is poised to carry through the last phases of a financial restructuring. This wll complement the industrial changes which have been taking place at gathering speed over the last three years.

Details of the financial moves have been worked out, which will have the effect of making the Luxembourg Government the largest single shareholder with 30.8 per cent, followed by Societe Generale de Belgique, the biggest of the Belgian holding companies, with 24.7 per cent.

But the board still awaits the formal approval of the shareholders. An extraordinary general meeting called last week has been put off until next month for lack of a quorum.

So far Arbed has received since 1983 new funds, subscribed in different ways, from the Luxembourg Government, SGB and the major banks in the Grand Duchy.

SGB is now going to convert bonds worth LuxFr 739m ($11.7m), subscribed at the beginning of this year, into capital. These funds were liberated by SGB after Arbed had bought from SGB shares in Sidmar, the Belgian steelmaker controlled by Arbed.

SGB is also going to subscribe to a further LuxFr 1.6bn worth of convertible bonds in Arbed, again using the sale of Sidmar shares as an intermediate transaction.

But Arbed has also been selling shares in Sidmar to the Luxembourg Government over a period for a total of LuxFr 2.9bn.

The effect of all these operations is to take SGB out of the Sidmar shareholders, leaving Arbed itself with 51 per cent of the Luxembourg Government with 16 per cent. The other shareholders are the Belgian Government with 28 per cent and Falck with 5 per cent.

Sidmar, in many respects, is considered to be the jewel in the Arbed steelmaking network and continued control of it has been a fundamental point in dealings with the Belgian Government and steel industry on production sharing and invjstment co-operation agreements.

But the changes do not stop there. The Luxembourg Government is to provide Arbed with LuxFr 6.1bn, some of which is in exchange for non-voting shares. With the Government's purchase of the Sidmar shares, this means financing of LuxFr 9.1bn.

Last year the European Commission adopted a certain reticence in approving these arrangements under the common EEC approach to restructuring the steel industry, and only about half the sum was authorised.

But Mr Emmanuel Tesch, the Arbed chairman, told shareshiders that since the decision of EEC industry ministers authorising the provision of additional subsidies for balance sheet reasons there were very good reasons to suppose the reticence would disappear.

He also noted that the whole financial restructuring programme would have the offect of reducing Arbed's debt burden by LuxFr 20bn. Steps already taken and the general improvement in Arbed's revenue have already helped to ease the strain of servicing charges.

Paul Cheeseright

Peugeot plans FFr 500m Eurobond

By Paul Betts in Paris

AUTOMOBILES PEUGEOT, the subsidiary of the French private car group, is about to launch a FFr 500m ($52m) Eurobond. This will be the second French franc issue since the French monetary authorities decided to re-open the Euro-French franc market.

The Peugeot issue is expected to be followed by another French Eurobond issue in May by Rhone Poulenc, the nationalised chemicals group. This is expected to total FFr 400m.

The French authorities reopened earlier this month, the Euro-French franc market, which had dried up after the Left came to power in 1981. The decision makes a further modest move to relax foreign exchange controls and deregulate domestic money markets.

Peugeot's move reflects the genera l improvement in the private car group's financial situation.

After years of accumulated losses, the Peugeot group is expected to report in May a sharp improvement in financial performance for 1984 after losses of FFr 2.6bn the year before.

The Rhone-Poulenc issue reflects the improvement in the nationalised chemicals group's performance. It recently reported a profit of FFr 1.99bn for 1984 after earnings of FFr 98m in 1983

Saab-Scania lifts sales

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

SAAB-SCANIA, the Swedish automobile and aerospace group, increased its sales by 21 per cent to SKr 7.5bn ($826m) in the first three months of the year from SKr 6.2bn in the corresponding period of 1984.

Profits were also higher than a year earlier, but no details were released. Mr Georg Karnsund, managing director, said that full-year profits would be "at least as good as last year."

New orders in the quarter were up by 17 per cent at SKr 8bn.

Volume sales of trucks and buses jumped by 25 per cent to 6,300 units, and the company expects significant growth in the overall West European market for heavy trucks.

After many years of hesitation the group is establishing a modest foothold in the U.S. truck market, and has now started to build a dealer network in New England.

Sales of Saab cars are expected to rise further to 112,000 this year from 102,800 in 1984. The company is investing in new plant and equipment to increase capacity to 150,000 units a year by the end of 1988.

Mr Karnsund warned that the Swedish motor industry had to take care to hold down cost increases. "There is no doubt that the effects of the big devaluation of 1982 have now been eaten up, at least in comparison with our main competitors."

J. Lauritzen falls into red

By Hilary Barnes in Copenhagen

J. LAURITZEN, the Danish shipping and industrial group, plunged heavily into loss after "extremely unsatisfactory" results in the company's shipping business. The group lost DKr 249m ($22m) compared with a profit of DKr 40m in 1983. Turnover was slightly down from DKr 10bn to DKr 9.9bn.

The shipping company declined from a profit of DKr 205m in 1983 to a deficit of DKr 296m last year, reflecting unsatisfactory conditions for the group's fleet of refriger ated cargo vessels, cruise ships and heavy lifting vessels. There was also a DKr 241m writedown

Rights for Club Mediterranee

BY DAVID HOUSEGO IN PARIS

CLUB MEDITERRANEE, the French-based international holiday group, has announced a capital increase of FFr 586m after reporting a strong profit growth for 1983-84.

Net consolidated profits climbed by 20.9 per cent to FFr 257m ($26.8m) in line with the group's performance in recent years. Turnover rose by 19 per cent to FFr 5.4bn.

The group's new American subsidiary, Club Med Inc (CMI), which was introduced on the New York Stock Exchange in September, reported a 24 per cent increase in profits to $12m on the basis of an 11 per cent increase in turnover. The U.S. subsidiary now handles the company's American and Asian business.

The exchange rate benefit of the strong dollar was thus translated in the consolidated accounts

The capital increase is being realised through a rights issue on the basis of one new share for every five held at a subscription price of FFr 400 a new share. The rights issue will follow a share split and a scrip issue of one new share for every 10 held.

The capital increase, intended to finance new development, is in line with Club Mediterranee's policy of reducing its debt to equity ratio because of the high cost of borrowing at a time of diminishing inflation. The group is now applying a 40-60 debt equity ratio

Multimedia rejects $1.05bn counterbid

By Our Financial Staff

THE BATTLE for control of Multimedia, the South Carolina-based TV stations, cable and newspapers group, has intensified following a $1.05bn bid from Mr Jack Kent Cooke, a U.S. entrepreneur and property owner.

Mr Cooke's $63 a shrae proposal tops by $2 an earlier offer from Lorimar, the film and television programme producer which created "Dallas." Cooke, who owns the Washington Redskins American football team, has built up a 9.7 per cent stake in Multimedia.

Multimedia said it had informed Mr Cooke that it was not interested in pursuing a sale.

Neither bid has a great chance of success because Multimedia's management and founding families control 40 per cent of the shares. Under South Carolina law mergers must be approved by holders of at least two-thirds of a company's shares.

The company reiterated that it is going ahead with a recapitalisation plan under which the founding families and senior management would buy back the company from shareholders. This $53.25-a-share proposal is worth $890m.

In a further development Multimedia said directors had authorised the company to obtain a credit line of up to $300m to be used for possible share repurchases.

● Hilton Hotels, the worldwide hotel chain which was recently rebuffed by the authorities in its bid to break into the Atlantic City casino business, has sold its unopened Atlantic City casino/hotel complex to Mr Donald Trump, the New York property developer, for more than $300m, in cash, writes William Hall in New York.

Hilton had appealed against the decision of the New Jersey Casino Control Commission to refuse it a licence but has also been exploring various offers for its new casino, which cost more than $300m to build.

Mr Barron Hilton, chairman of Hilton Hotels, says his company will completely recover its investment and realise "a small profit" on the transaction.

Hilton will receive cash for its investment and will avoid certain carrying costs.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
Yamamura Glass ¶‡	25	1990	5	8¼	100	Yamaichi Int.	8.250
Lonrho §	40	2000	15	(6)	100	Nomura Int.	*
Transamerica (a)†‡	30	1990	5	⅛	100	LTCB Int.	—
Anheuser-Busch ‡	100	1993	8	11⅛	100	UBS (Secs)	11.125
Restaurant Seibu §	25	2000	15	(3¼)	100	NKK (Europe)	*
Tokai (Asia) ‡	100	1995	10	11½	100	CSFB	11.500
Inco (b) †‡	100	1995	10	3/16	100.18	CIBC Ltd.	—
Nestle Holdings ф‡	100	1988	3	9⅞	100	SBCI	9.875
Bqe Ex. d'Algerie (c)†‡	500	2000	15	¼	100	Citicorp	—
CANADIAN DOLLARS							
New Brunswick ‡	75	1995	10	11⅝	100	Wood Gundy	11.625
NEW ZEALAND DOLLARS							
Fin. Corp of NZ ‡	20	1988	4	16½	100	Bqe Gutzwiller, K.B.	16.500
AUSTRALIAN DOLLARS							
Woolworth ‡	30	1990	5	13⅞	100	Orion Royal Bank	13.875
D-MARKS							
FIH (Denmark) **‡	50	1992	7	7⅝	100	Commerzbank	7.625
Portugal ‡	150	1992	7	7¾	99½	Commerzbank	7.846
Council of Europe ‡	150	1995	8½	7½	100	BHF-Bank	7.500
SWISS FRANCS							
Chugoku Elec ‡	100	1995	—	5¾	99¾	Credit Suisse	5.784
Ushio **§‡	100	1990	—	1⅝	100	SBC	1.625
Sogo Benki Co. **‡	40	1990	—	6	100¼	Handelsbank	5.941
Daiwa Denchi **§‡	50	1990	—	1½	100	UBS	1.500
Japan Dev. Bank ‡	100	1995	—	5½	99¾	UBS	5.533
Restaurant Seibu **§	50	1990	—	(1⅝)	*	UBS	*
Mitsubishi Min. & Cem. **‡	40	1990	—	5¾	100	Credit Suisse	5.750
Toshiba Eng. & Con. **¶	70	1990	—	(3½)	*	UBS	*
Queensland Dev. Auth.	100	1995	—	(5⅝)	*	Credit Suisse	*
Chubu Electric Power **‡	150	1990	—	5¾	100¼	UBS	5.891
Nippon Paint **‡	50	1990	—	5¾	100	SBC	5.750
STERLING							
Malaysia ‡	75	2009	24	10¾	90.705	S.G. Warburg	11.829
Dow Chemical ‡	300	1997	12	0	29	Salomon Brothers	10.870
ECUs							
Westpac Banking ‡	50	1992	7	9⅝	100	Banque Paribas	9.625
Ryobi Co. ‡	20	1990	5	9⅝	100	Nomura Int.	9.625
Escom (S.Africa) ‡	50	1990	5	10¾	99¾	CCF	10.817
Escom (S.Africa) (d)†‡	50	1990	5	¼	100	CCF	—
YEN							
Mortgage Bk Denmark ‡	10bn	1992	7	7	99¾	LTCB Int.	7.046
Spain ‡	20bn	1995	5	7.3	99.45	Nikko Secs.	7.380

* Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating rate note. ¶ With equity warrants. (a) ⅛ over 6m Libor. (b) 3/16 over 6m Libor. (c) ¼ over 6m Libor. (d) ¼ over 3m Libor. ф Unlisted, extendible to 1991. Note: Yields are calculated on AIBD basis.

UK COMPANY NEWS

U.S. acquisition boosts Coloroll to over £5m

BY STEFAN WAGSTYL

DETAILS OF the offer for sale of Coloroll Group, one of the UK's largest wallpaper companies with a capitalisation of £36.8m, are published today by Charterhouse Japhet.

The merchant bank is offering for sale 13.5m shares, or 49.5 per cent of the equity, at 135p—6.2m are shares sold by existing holders, the rest are new shares sold to raise £8.4m net for the company.

Coloroll, based in Nelson, Lancashire, is spending about £2.87m to increase to 80.85 per cent its holding in Wallmates, a U.S. wallpaper company. The remaining funds will be used to reduce group borrowings which have largely been built up through buying the present 49.7 per cent stake in Wallmates.

Pre-tax profits of not less than £3.75m on sales of £37.5m for the year to the end of March are forecast, including a contribution from Wallmates. The latter made £1.6m pre-tax on sales of £19.3m for the year to the end of December.

However, the group has also made a pro forma profit estimate consolidating Wallmates results—on this basis it expects to have made £5.2m pre-tax on sales of £53.9m for the year at the end of March.

Pro forma earnings per share, after an estimated tax charge of 38.4 per cent, are 11.2p giving a price/earnings multiple at the issue price of 12.1. The indicated yield is 4.8 per cent.

Institutions which invested in Coloroll in 1980 and again in 1982, when the group first considered a stock market flotation, will be the biggest shareholders after the issue. Paragon Group will hold 11.1 per cent through a subsidiary, 3i 11.2 per cent, and J. Rothschild Holdings 7.4 per cent.

The lists close on May 2 and dealings are expected to start a week later. The broker is Rowe and Pitman.

● comment

Chief executive Mr John Ashcroft is more than half way towards realising his plan for transforming Coloroll Group from a sleepy family-owned company into an aggressive international group. There is a persuasive logic about his partly-completed strategy of first making Coloroll the UK market leader in wallpaper, then diversifying into home furnishings, and later looking overseas. Unfortunately, the severe recession in the British wallpaper industry in the early 1980s means that the profit record is rather less elegant than Mr Ashcroft's logic. This was compounded by a perhaps over-ambitious early push into Australia, which now appears to be coming right, and a hastily-abandoned loss-making venture into burglar alarm distribution. Wallmates too, joins the group as a somewhat erratic profit maker. However, progress so far has left Coloroll in as good a position as any from which to exploit continuing consumer demand for well-designed wallpapers and home furnishings—it is a market with plenty of competitors and plenty of opportunities. To date, the existing *institutional shareholders which* backed Mr Ashcroft have no reason to feel disappointed. New investors have good reason to join them—on a multiple of 12.1, the shares are offered at a discount to most consumer-orientated companies, and deserve a rating somewhat better than the market average.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: S. Lyles, Peters Stores, J. Rothschild.

Finals: French Kier, Group Lotus Car, P. and W. MacLellan, John Menzies, North British Steel, Polymark International, Simon Engineering, H. C. Slingsby, Triefus, Turriff, Wadkin.

FUTURE DATES

Interims:

Vahn Pollen Intnl	May 8
Whessoe	May 9

Finals:

Davies and Newman	May 2
Executex Clothes	†May 7
Frost (J. J. and D.)	Apr 30
Spong	May 1

† Amended

S. Gibbons counts cost of Wedding collection

By Terry Povey

Stanley Gibbons, the world renown stamp dealer and catalogue publisher, reports interim profits for the six months ended December 31, 1984 of £310,000; but an exceptional currency loss of £116,000 reduces the pre-tax earnings to £194,000.

There are no figures given for 1983, but for comparison the results for the full year ended June 30 1984 are used. In the period to December 1984 the company produced a turnover of £7.7m, against £17.7m in the year. Gross profits were £3.4m (£7.6m before distribution and administrative costs £2.95m (£6.19m) and net interest paid £285,000 (£472,000).

On the profits of £194,000 (£837,000) taxes of £88,000 (£51,000) are paid, leaving a net balance of £106,000 (£786,000). All the profit is retained and, as with last year, no dividend is paid

According to Mr R. W. Aitken, who became chairman last May following the resignation of the controversial Mr Clive Feigenbaum, an agreement with Crown Agents has been completed whereby Stanley Gibbons Inc, the U.S. subsidiary, acquires 49 per cent of Crown Agents Philatelic Corporation so as to strengthen the company's North American new issues business. Negotiations for a more widespread merger or integration with Crown Agents have continued but without result, he adds.

The mail order centre at Ringwood (Hants), born as a result of a major promotion to cope with demand for the Royal Wedding collection, is due to be run down with the remaining new issues business being handled by the recently acquired Urch Harris unit in Bristol.

For the second half the outlook is of reduced volume on the mail order side.

● comment

The accident prone Stanley Gibbons seems to have slipped up once again. Those who planned the Royal Wedding collection promotion (in which collectors could order all or part of the commemoratives being produced to mark the occasion worldwide), never gave much thought to how long it would take, what would happen to exchange rates in the meantime and of what work those employed to handle the promotion might do when it was over. More than two years later the last of the stamp packages were still being sent out and the costs of the lack of foresight are being visited on the new management in the form of the exceptional charge to cover foreign exchange losses. This half year and possibly into the next there will also be costs for the rundown of the overblown Ringwood operation. So although the promotion has been a success in turnover terms, £20m or more has been garnered from the one event, what has come through below the line has been modest indeed. During last year, as the scale of the Royal Wedding was dawning, the company gave up its plans for a USM listing and is keeping these on a very low backburner awaiting the sorting out of Ringwood. It now seems though as if integrating the company with Crown Agents is preferred but the intended partner appears to prefer marketing arrangements to taking the best known name in stamps in from the cold.

Statement soon on Westland bid

BY LYNTON McLAIN

THE troubled Westland Aircraft company, Britain's only helicopter manufacturer, is facing the prospect of a possible takeover bid from Mr Alan Bristow, the chairman of Bristow Helicopters, a helicopter charter company, in association with Mr Alan Curtis, a director of the Lotus car company. Bristow Helicopters is part of British and Commonwealth Shipping.

Mr Bristow was unavailable yesterday but Mr Curtis said an announcement, by Mr Bristow, could come perhaps today or sometime this week.

The prospect of a bid for Westland comes only two months after it was announced that Mr Bristow, 61, is to retire as chairman and chief executive of the Bristow Helicopter group at the end of June. He planned to stay on the board of the immediate holding company, British Air Transport, a subsidiary of British and Commonwealth and would "devote more time to his other interests," the company said at the time.

Westland Helicopters at Yeovil was alive with rumours on Friday that Mr Bristow was interested in bidding for the company, to the surprise of some employees. Mr Curtis described stories of a takeover bid as a "little premature." He said: "I cannot talk about it. I would like to talk, but you understand why I cannot say anything. It is a very delicate situation at the moment."

He would only add that "I am linked with the story in a very minor way and Mr Bristow will be the one to comment."

Westland Helicopters is the main operating company in the Westland Aircraft group. It has been troubled by a dearth of new orders for military helicopters, a lack of success with its own private venture WG30 derivative of the military Lynx helicopter in the civil market, with only 18 WG30s flying. Only three companies operate the WG30, British Airways, Helicopter Hire of Southend and Omniflight of the U.S.

The Westland group made a reduced pre-tax profit of £23.3m on a group turnover of £296m in the year to the end of September 1984. This compared with a pre-tax profit of £28.7m on a turnover of £326m.

Westland is working through an order for about 25 Sea King helicopters for the Indian Navy and is producing some Lynx helicopters for the MoD and for West Germany but there are virtually no other orders.

The shortage of orders has been compounded by a decision by the Ministry of Defence to review its future helicopter requirements. In particular, the ministry's "air staff target" for a new tactical battlefield utility helicopter, the AST 404 project, is currently "in obeyance," the MoD said yesterday.

Westland was hoping for early decisions on the AST 404 to provide work from about 1988, but the military requirement is for a new battlefield utility helicopter for the early 1990s.

Mr Bristow started his helicopter company in 1954 with backing from British and Commonwealth. Bristow Helicopters had unwelcome publicity in August 1981 when two Bristow helicopters, a Bell 212 and a Wessex crashed in the same week. Mr Bristow subsequently decided to scrap his entire fleet of 10 Wessex helicopters.

Previously, the same year, Bristow Helicopters placed a U.S.$200m order with the French Aerospatiale company for 35 Super Puma AS 332L helicopters. Westland Helicopters was a subcontractor to Aerospatiale on the order, which made Bristow Helicopters the largest investor in Aerospatiale civil helicopters.

Martin Currie launches £12m Pacific Trust

BY CLIVE WOLMAN

A £12M investment trust specialising in Far Eastern equities is being launched by Martin Currie, an independent Edinburgh investment management group.

The fund, **Pacific Trust**, is the third investment trust to be launched this year, and represents a trend towards issuing new paper in highly specialised niches of the investment trust market.

British Linen Bank is offering 12m shares at 100p each and Cazenove and Co is acting as brokers to the issue. Initially, about 45 per cent of the trust will be invested in Japan, 25 per cent in Hong Kong and 5 per cent in Singapore. The remaining assets will be held in cash until the Japanese stock market in particular appears more favourably priced.

The bank is also providing a multi-currency borrowing facility which will allow the managers to take loans of up to 20 per cent of the net asset value to improve capital performance. As is becoming standard in investment trust launches, warrants are being provided on the basis of one for every five shares. They may be exercised at 100p up to June 30, 1993.

● comment

After the shock of seeing Scottish Ontario put into liquidation by Courtauld's pension fund two years ago, Martin Currie has been spurred into organisational reform in both its fund management and marketing operations. Investment performance has picked up in most of its pension accounts and unit trusts, although its giant £200m Scottish Eastern investment remains in the bottom quartile in terms of net asset growth. The size of the trust has, however, deterred predators so far despite the tempting discount of its share price to net asset value. But perhaps the managers should considered forestalling touble by carving out a Far Eastern, and possibly other, specialist trusts from the undervalued assets of the general Scottish Eastern fund. The popularity of Japanese funds amongst UK investors has fluctuated wildly over the past 18 months — and several investment trusts are now languishing under sizeable discounts. But Hong Kong is back in fashion. That element and the warrants have made it possible to issue more trust paper.

Burton in talks over Debenhams

Burton Group, the aggressive high street clothing retailers, has held discussions with its merchant bankers over the position of Debenhams, the department store group which has been the subject of repeated bid rumours for several weeks, confirmed S. G. Warburg yesterday.

Although no decision or commitment to bid has been made, Burton's are thought to be closely watching the actions of other possible predators. Should one of them make a bid then it might be obliged to react, said a retail analyst.

Shares in the department store group have risen strongly on market speculation of a bid and reached a high of 273p on Friday. A non-committal statement from Burton on Friday did little to persuade the arbitrageurs of the company's lack of interest and may even have had the opposite effect.

FINANCIAL TIMES STOCK INDICES

	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 22	Apr. 19	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Government Secs.	81.19	81.26	81.40	81.73	81.88	81.88	82.00	78.02	127.4	49.18
Fixed Interest	85.87	85.92	86.11	86.17	86.19	86.14	86.19	82.17	150.4	50.53
Ordinary	970.9	966.6	962.5	959.6	971.6	978.8	1024.5	928.7	1024.5	49.4
Gold Mines	521.2	515.1	509.5	507.8	512.8	515.2	536.9	439.5	734.7	43.5
FT Act. All-Share	623.22	621.37	619.62	619.05	624.25	625.47	630.16	591.88	630.16	61.92
FT-SE100	1295.3	1289.5	1285.7	1284.9	1294.9	1299.7	1309.9	1206.1	1309.9	986.9

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
‡1380	N.P.	16/5	58dm	58pm	Anglo-EastPlantsUnt	58pm		—			
‡125	F.P.	31/5	178	154	⊕Aspen Comms. 5p	172	−8	u2.6	2.8	2.2	22.1
172	F.P.	28/6	182	176	Asda Property Hldgs	178	−5	u3.0	2.1	2.4	23.0
‡155	F.P.	9/5	172	165	⊕Assoc. Steel Dist.£1	168	....	u8.0	2.1	6.8	11.6
‡82	F.P.	19/4	79	68	⊕BTS 10p	69	....	bg3.4	2.0	7.0	9.0
—	F.P.	—	700	660	Banco de Santander	675	....	—	—	—	—
¶185	F.P.	3/5	225	168	⊕Bedford (William)5p	168	−2	n3.5	2.6	3.0	15.6
¶112.50	F.P.	17/5	115	100	Blagden Inds	111	+1	7.2	1.6	9.3	7.6
‡60	F.P.	3/4	88	70	⊕Crown Int'l.Prod10p	87	+1	bg2.1	1.6	3.4	22.3
‡117	F.P.	31/5	128	120	⊕Electron House 10p	125	−3	bg2.7	1.9	3.1	22.7
—	F.P.	—	42	37	German Small. Wrrts	41	....	—	—	—	—
‡129	F.P.	7/6	200	172	⊕Howard Group 5p	185	−2	bg4.2	3.2	7.2	13.6
‡150	F.P.	—	192	165	⊕Huntleigh Tech 5p	192	+2	u1.5	3.5	1.4	30.3
‡82	F.P.	3/5	86	80	⊕Laidlaw Thomson	80	....	g3.5	2.0	6.2	11.2
‡28	F.P.	14/6	28	26	⊕Maxiprint 1p	27	....	—	—	—	—
175	F.P.	15/5	210	180	⊕New London Oil 5p	190	+5	—	—	—	—
‡113	F.P.	29/6	119	115	⊕Norsoot Hotels 50p	115	....	—	—	—	—
¶¶	F.P.	—	90	75	P.&O. Warrants	78	....	—	—	—	—
100	F.P.	16/4	107	84	⊕Pepe 10p	84	−3	u3.0	2.5	5.1	11.2
£7.25*	F.P.	26/4	86	85	Plantation Tst	85	−1	—	—	—	—
—	F.P.	—	40	40	Do. Warrants	40	....	—	—	—	—
100	F.P.	—	108	102	Prestwick 5p	102	−3	u2.1	3.3	2.9	13.9
—	F.P.	26/4	95	85	REA Warrants	87	....	—	—	—	—
110	F.P.	10/6	114	106	Scott Greenham 10p	106	....	bg3.0	2.4	4.1	15.0
¶175	F.P.	8/5	175	170	Sintrom 10p	175	....	ug1.84	3.3	1.5	29.9
130	F.P.	10/5	145	142	⊕Wayne Kerr 10p	142	−2	u1.6	4.2	1.6	22.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
§101	£51	15/2	54½	50	Felixstowe Dock Prf. Units †	54½	....
66.81	£30	19/6	31½	25	Int.-Am. Dev. Bk. 9¾ Ln. 2015	30	−⅜
90.705	£30	—	30⅛	30⅛	Malaysia 10⅝% Ln. 2009	30⅛	....
¶100	F.P.	25/5	103¾	102	Mid Southern Wtr. 9% Red. Prf. 1990	103⅜	....
—	F.P.	—	100⅛	99½	Nationwide Bldg. Soc. 12¼% 31/3/85	99⅞	−¼
—	F.P.	—	100⅛	99⅞	Do. 12½% Bds. 21/4/86	99⅞	−¼
—	F.P.	26/4	97	93	REA Hldgs. 9% Cum. Pref.	96	....
—	F.P.	—	99	99	Plantation Trst 7½% Cnv. Uns. Ln. 2000	99	....
‡	Nil	—	8pm	6pm	Queens Moat 7% Cnv. Rd. Prf.	7pm	....
¶¶	F.P.	26/4	111	105	Sheafbank Prop. 6% Cum. Cnv. Prf.	105	....
49.895	£30	12/7	36⅛	30	Spain (Kingdom of) 11¼% Ln 2010	35	−⅛

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
82	F.P.	31/5	110	96	Aaronson Bros. 10p	107	+2
60	Nil	14/6	23pm	11pm	BBA	16pm	−1
150	F.P.	14/6	372	323	Barclays £1	345	....
142	Nil	7/6	22pm	15pm	⊕Berkeley Group	18pm	....
178	F.P.	15/5	245	195	Bespak 10p	237	....
65	F.P.	17/5	288	258	Bullough 20p	263	−2
58	F.P.	16/6	50	44½	FKI Electricals 10p	47	−1
245	F.P.	31/5	323	300	Fisons	300	−7
238	F.P.	10/5	273	255	Glass Glover 5p	267	....
102	Nil	15/5	20pm	18pm	Grampian Hldgs	20pm	....
285	Nil	13/6	31pm	20pm	LASMO	26pm	+6
66	F.P.	15/5	72	69	Mitchell Cotts	73	+1½
186	F.P.	14/6	211	195	Morgan Crucible	211	+1
26	Nil	—	4pm	3pm	Newman Inds. 10p	4pm	....
49lr.	Nil	—	10pm	8pm	⊕Oliver Prospecting	9pm	+1
7	F.P.	10/5	17	14	Ryan Intl. 5p	16	....
375	Nil	10/5	45pm	30pm	Scapa	40pm	−5
11	Nil	4/6	½pm	½pm	Second Market Inv. 5p	½pm	....
190	F.P.	31/5	210	193½	STC	210	....
168	F.P.	14/6	182	168	United Biscuits	178	....
240	F.P.	13/5	268	243	Watmoughs	243	−2
220	Nil	23/5	105pm	78pm	Wolstenholme Rink	88pm	+4
15	F.P.	17/5	20	17	Worthington (A. J.)	20	....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully-paid. ‡‡ Introduction. ⊕ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share nominal of conv. stock. ‡ Units comprising 4 Ord., 1 Warrant and £1.00 of 12½ per cent Uns.Ln. stk. 1995-99.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Aitken Hume	May 29	Final 4.0
*Akroyd and Smithers	May 7	Interim 5.714
Allied Irish Banks	May 23	Final due
Allied-Lyons	May 29	Final 4.33
Assoc British Foods	May 21	Final 3.4
*Aust and NZ Banking	May 20	Interim 15c
BOC	May 10	Interim 3.15
*Bank of Ireland	May 16	Final 12.0
*Bass	May 22	Interim 3.3
Boots	May 23	Final 3.5
*British Home Stores	May 7	Final 4.25
Capital and Counties	May 29	Final 3.3
Coalite	May 30	Final 4.13
Costain	May 8	Final 8
Courtaulds	May 29	Final 3.0
*Debenhams	May 9	Final 5.3
European Ferries	May 9	Final 2.7
Extel	May 24	Final 9.0
*Fosaco Minsep	May 1	Final 4.7
*French Kier	Apr 29	Final 5.725
Gerrard and Nat Discount	May 10	Final 9
Grand Metropolitan	May 16	Interim 3.7
Guinness Peat	May 17	Interim 0.9
Habitat Mothercare	May 31	Final 4.5
Harrisons and Crosfield	May 30	Final 26.0
Heath (C. E.)	May 17	Final 11.75
*Inchcape	May 2	Final 11
Land Securities	May 17	Final 4.91
London and Northern	May 23	Final 7.8
MEPC	May 30	Interim 2.5
Marks and Spencer	May 1	Final 4.2
*Menzies (J.)	Apr 29	Final 4.0
Minet	Apr 26	Final 2.45
*Mowlem (John)	May 1	Final 9.0
Nurdin and Peacock	May 1	Final 2.1
Plessey	May 24	Final 2.24
RHM	May 22	Interim 1.6
*Raybeck	Apr 30	Final 0.5
*Royal Bank Scotland	May 9	Interim 3.3
Sainsb'y (J.)	May 22	Final 5.1
Saatchi and Saatchi	May 1	Interim 5.64
Sears	May 16	Final 1.8
*Simon Eng.	Apr 29	Final 10
Smith Bros	May 30	Final 4.0
Stakis	May 22	Interim 1.0
*Tarmac	Apr 30	Final 10.0
Tate and Lyle	May 30	Interim 6.5
Tootal	May 4	Final 1.4
United Scientific	May 16	Interim 2.0
*Whessoe	May 9	Interim 2.5
Whitbread	May 22	Final 4.4
Wolverhampton & Dudley Brws	May 24	Interim 2.65

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

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FINANCIAL TIMES REPORT

Scottish Financial Services

Edinburgh's financial institutions see their future in better marketing of their specialised services rather than in travelling down the conglomerate route like their English counterparts

Canny approach to restructuring

BY BARRY RILEY, Financial Editor

THE SCOTS make good preachers, and these days Scottish financiers often seem to be adopting the same hellfire rhetoric as was once fashionable in the kirk—only this time they are referring to the revolution in the financial services industry.

This restructuring of the financial sector is proceeding apace in London but with notable slowness north of the border. "There is a great deal of scepticism here about what is happening in London," says one prominent Scottish banker.

Many people in Scotland would put more graphically their view of a City of London increasingly pressured by the growth of conflicts of interest, the breakdown of traditional constraints and the need to earn high returns on large lumps of capital.

It is fair to say, however, that the Scottish view is not entirely based upon ethical theorising. Whatever the rights and wrongs of the rush within the English financial services industry to form giant new financial conglomerates, the Scots are keenly aware of two practical points.

First, the conglomerate route is not a realistic option for most financial companies in Scotland. The country's financial sector is not big enough to generate more than one such group which could stand international comparison.

Second, and more important, Scottish financiers realise that events in London provide them with a very real commercial opportunity. They can now promote Scotland as a distinctive source of specialised financial services untainted by the kind of conflicts of interest and loss of client contact which are threatened in London.

Edinburgh has already shown its ability to defend its position as Britain's second focus of financial activity. In the years since World War II it has avoided the fate of English cities like Liverpool (once the home of Martins Bank and Royal Insurance) which have ceased to retain any real independence as financial centres.

But there has been nevertheless a period of slow decline. Though remaining strong in traditional areas like life assurance and investment trusts, Scotland has largely missed out on the newer growth sectors for fund management like pension funds and unit trusts. Its only major stockbroking firm, Wood Mackenzie, has been increasingly sucked into the orbit of the City of London, and is now being absorbed by the London bank Hill Samuel.

As for the banks, the best that can be said is that foreign takeover bids have at least been fought off. The Monopolies Commission prevented the takeover of the Royal Bank of Scotland Group three years ago, and this year Standard Life Assurance became the secure guardian of a one-third stake in the Bank of Scotland, a holding which Barclays Bank previously owned.

Now there is a row about the precise status of the Trustee Savings Bank Scotland within the national TSB group which is being groomed for an early stock market flotation.

It seems improbable that the Scottish banks can expand into the English market without becoming less Scottish—as is well illustrated by Royal Bank's strategy to become a national UK bank. But Scotland itself is a frustratingly small country to suport ambitious and efficient banking institutions.

Opportunity

So Scots have tended to fall back on the argument that it would be better for their banks to remain small and isolated, so long as this ensured that a core of financial decision-making existed north of the border. A financial centre would not be credible without indigenous banks, it has been suggested.

In the 1980s, however, the impact of technology has begun to transform the arguments about Edinburgh's potential. In the narrow field of banking it has brought the opportunity to export retail services electronically (something that is being eagerly pursued by the Bank of Scotland) although it could, perhaps, be argued that Scotland is vulnerable to the reverse process, a banking invasion by non-Scottish.

Outside banking, new technology is also bringing many developments that are eliminating the geographical disadvantages from which Edinburgh and Glasgow (not to mention Perth, Dundee and Aberdeen) have suffered.

Electronic information services now put the Edinburgh investment manager on equal terms with his counterpart in London or New York. Proofs of documents can readily be sent by facsimile transmission, and video conferences are a technical reality (TV hook-ups are now being tested by the Royal Bank of Scotland in communication with London).

Scottish financiers therefore sense a tremendous opportunity to market specialist financial services both throughout the UK and internationally. They feel they can project a different image to that of the new-style City of London.

Their scepticism of the conglomerate route is founded on experience. In the 1970s, Ivory and Sime, the fund management house, dabbled in banking (Edward Bates) and life assurance (Welfare) while a little later it sold a 30 per cent stake in itself to American Express. All these initiatives failed, so that Ivory has gone back to concentrate on invesment management—and few in Scotland would like to emulate its attempts at diversification.

In terms of employment, the most important financial sector outside banking is life assurance which has been enjoying boom conditions in the past couple of years. Various tax developments have brought successive booms in endowment mortgages, normal endowment policies and (most recently) self-employed pension contracts and Scottish Amicable, for instance, has raised its staff numbers from 1,100 to 1,300 in 18 months.

The dream

Boom conditions may not last, but the Scottish life offices have a high (if slightly old-fashioned) reputation. Their importance to the Scottish financial community lies not just in their size and prosperity but in their steady output of actuaries and other trained professionals—usually in numbers well in excess of their own internal needs.

Many of them drift south, of course, but many others prefer the Scottish lifestyle (despite the lower pay levels which give financial firms in Edniburgh and Glasgow the scope to undercut their London counterparts).

This gives rise to the biggest single opportunity preceived in Scotland: to develop Edinburgh as a fund management centre which will relate to London as Boston relates to New York. That is, it will stand slightly apart from the central market of London and from the big securities groups that will increasingly dominate it, and will offer a wide variety of independent fund management firms, both large and small.

Such is the dream. But to make it into a reality will take much more than hoping that London will fall flat on its face. The Scots will have to go out and sell into the growth sectors for fund management, rather than simply clinging on to the declining investment trusts.

The change is indeed happening. Having seen £40bn or more of UK pension fund management business go to London, the Edinburgh houses are now hiring marketing men and pitching for new contracts where they arise.

A number of Scottish investment houses are also targeting the opportunities in the U.S. where many pension plans are now diversifying their assets internationally. With their traditional world-wide orientation, the Scots see themselves as well-placed to make a mark, as indeed houses like Ivory and Sime and Martin Currie already have. They are helped by the greater familiarity of the Americans with the concept of the independent investment "boutique" whereas British corporate clients have tended to seek the shelter of London merchant banks.

The hope is that Britain will become like the U.S. in this respect. "Given what is happening with the London merchant banks, pension fund management is a very good example of the sort of business that will be up for review," says an observer in Edinburgh.

In other fields, too, the Scottish objective is to build up clusters of specialist financial service firms.

The Scots are not just preachers; they are putting their doctrines of independence and competitiveness into practice.

Hiccup for the TSB Bill

HAS SCOTLAND gained a retail bank only to lose it? Mr Ian Macdonald, the chief general manager of the Trustee Savings Bank Scotland is confident that his bank will retain its autonomy as the TSBs are united and their shares sold for the first time to the public.

An unexpected hiccup in the Bill before Parliament to prepare for the flotation of the UK-wide group showed the potential strength of Scottish interests. Everything was going smoothly to unite the regional TSBs of Scotland, England and Wales, Northern Ireland and the Channel Islands when an amendment was passed in the House of Lords which would have excluded the TSB Scotland from the flotation.

The amendment sent the executives of the TSB Group and the Scottish TSB into a spin as they tried to find ways of salvaging the Bill. In the end a deal was worked out whereby the TSB Group's registered office will move to Edinburgh, and arrangements will be made to protect Scottish interests.

Concern about the role of the TSB Scotland in the new UK grouping lies behind the pressure for it to be excluded. The bank which brought together four Scottish savings institutions has performed well in the over-banked Scottish financial scene. One in four Scots has an account with the bank, which has 1.25m customers, 2m accounts and assets of £1.3bn.

Mr Gordon Wilson, the Scottish National Party MP fears that the TSB Scotland will be gobbled up by a British institution and be left with an independence that is only nominal. Issues like this can be important in Scotland remembering the political row three years ago that accompanied the possible sale of the Royal Bank of Scotland to an overseas institution.

But the apprehension expressed about the TSB Scotland cannot be compared with controversy over the Royal. It has, however, produced some insight into the final relationships within the new UK-wide group which at the end of 1983 had total assets worth £9.6bn and reserves of £600m.

According to Mr Macdonald the pending restructuring will be an assembly of equals. "I believe what will happen is that each subsidiary company will have adequate capital to perform its business at the level its board or chief executive desires."

The subsidiaries will pay an agreed percentage for the running of the parent company. "As long as there is a strong performance, we should, I think, be able to retain our autonomy. The relationship will be based on having a market that we can address," he says.

The strong performance of the Scottish TSBs may soon be put in perspective by results from the larger grouping of TSBs in England and Wales which were behind Scotland in amalgamating.

Mr Macdonald sees the group operating a bit like the giant U.S. Bank Citicorp with competing divisions. Already individual sections are developing new services for the bank. England and Wales are looking into home banking while the Scottish group is working out the group's office automation.

Areas still vague are international banking or syndicated loans where group and regional interests can apparently overlap.

TSB SCOTLAND

The difficult role for the TSB has been to convince the commercial world that it has completed the change from a staid personal savings institution off the High Street into a bank with corporate as well as private clients in mind.

The image change involves employing banking technology on a par or better than the other banks and a move to the High Street with better premises. The TSB Scotland is refurbishing a prime site on George Street in central Edinburgh.

Management with corporate experienec has been bought in and TSB managers, many with only experience in serving their local savings market, have been put through extensive re-training.

According to Mr Macdonald about one-third of the banks assets are now into commercial loans—the kind of credibility he is looking for. The early transactions are always the most lucrative. "But it is the first step into better lending and better margins," he said.

Personal loans went up 16 per cent and mortgages by 23 per cent and the bank reported a 79 per cent increase in the number of accounts and a 102 per cent increase in balances in the last financial year.

Scottish Financial Services 2

PROFILE: ANGUS GROSSART

Ready for a gear change

Mr Angus Grossart, managing director of Noble Grossart. He challenges some of the concepts behind the formation of financial conglomerates.

ANGUS GROSSART, one of Scotland's leading bankers, has been among the arch-sceptics of the transformation in financial services going on in the City of London.

If the Scottish financial institutions are better prepared to react to the developments in London, it will probably be due to some of the public questioning by Mr Grossart.

From his position as managing director of Noble Grossart, the independent merchant bank, he has challenged some of the concepts behind the formation of financial conglomerates which will offer or possibly force customers to accept one-stop shopping for all of their financial needs.

"Would you be surprised if you went to your hairdresser and he also offered to drill your teeth? Would you be a little alarmed if he insisted on drilling your teeth?" Mr Grossart told a conference last year.

The specialisations of Scottish financial institutions and their independence, Mr Grossart feels, will enable them to ride out the revolution in London by taking advantage of opportunities where available.

Speciality

His own bank has made a speciality in raising new money, private placings and stock market issues. The bank recently added to its elegant Queen Street Georgian headquarters in Edinburgh another Georgian house in London in Lincolns Inn Fields.

"Because of the changes in London, doors are open and opportunities are mobile in a way we would regard as unprecedented," he says.

Mr Grossart wants to encourage a Scottish sense of identity but feels this must come from mainly within the sector rather than being imposed from an outside institution. "There are a number of organised marketing efforts that can be made. But the primary thrust must come from individual entities within the financial sector. We have got to recognise a need to change gear."

"Scotland cannot be merely the contradictor to London. It must be much more positive. Because of what is happening in London there is a particular need for Scottish financial services to be outward looking and active. We cannot afford to be complacent."

Mr Grossart's arguments against the City have been to challenge the practicality of the "Chinese walls" to be erected within big financial services organisations to prevent conflicts of interest. He is deeply suspicious of the ability of individual managers to operate in the new vast organisations and feels Scotland could benefit from some of the disaffected talent.

He none the less has his doubts about too much regulation to control the new organisations. As the speed of developments is so fast he feels that the flaws of the system should be allowed to work their way out before too many regulations are drawn up. Short-term fashion, in short, should not dictate the final policing structure of the city.

"The financial pace is too quick. We are not able yet to assess the implications. We need time and a balance must be struck and that could take two or three years.

"I am restless about the policing of the financial sector through increasing regulations and bodies. Regulations beget regulations and more regulations and we could bend too far in the direction of formality and away from matters of judgment and influence."

Financial entities in Scotland are talking to each other in a way that would have been unheard of several years ago. Mr Grossart feels this will help generate the collective action required to respond to dangers and opportunities arising from the changes in the South.

Collective responsibility is something he sees too as a force in the economic development of Scotland. "The financial sector has an important role in improving the emergence of entrepreneurs."

This does not just mean putting up the money, according to Mr Grossard, but helping to change attitudes which will encourage new business.

Mark Meredith

Barry Riley examines the new mood in Charlotte Square's investment trusts

A high profile approach

THE MOOD in the Scottish investment trust sector has changed perceptibly in the past couple of years. Only two years ago there was a beleaguered feeling, with a number of trusts fearing takeover—mostly from south of the border. But today there is a much more confident and expansionist mood.

"The managers are in good spirits," confirms Mr Hamish Buchan, the top investment trust analyst at Edinburgh brokers Wood Mackenzie. But he gives this warning: "This year will see further changes in the trust sector."

He foresees further pressure on the independent trusts, several of which are still managed from places like Dundee and Aberdeen, well away from the two main Scottish centres of Edinburgh and Glasgow.

A number of factors have led to the resurgence of confidence in a number of the Scottish investment trust groups. To start with, the underlying equity markets both at home and abroad have been generally firm (though last year was poor in relative terms for many trusts which made the short-term mistake of hedging their dollar portfolios at a time when the dollar was soaring).

Moreover two of the Scottish management firms, Baillie Gifford (with six trusts) and Murray Johnstone (managing seven trusts) came first and third among all British investment trust groups in terms of 1984 performance.

Meanwhile many of the Scottish trust managers have worked up much more positive strategies, both in terms of the investment objectives of the funds and the corporate objectives of the management firms. The resolution of possible conflicts of interest between the managers and the shareholders of the trusts still worries some; but Charlotte Square has become expansion-minded once again, after a period of defensive decline.

A good example of the way things are developing is provided by Edinburgh Fund Managers—which began in 1969 with just one client, American Trust. By early this year it was running several other investment trusts, together with a variety of authorised and exempt unit trusts, and is forcing its way into the pension fund market.

Total funds under management have topped £650m and it is now an established public company on the unlisted securities market on the strength of pre-tax profits which have reached £3.5m.

EFM's joint managing director, Mr Graeme MacLennan, expresses the new, more aggressive attitude of Scottish investment management firms when he says: "Marketing wasn't something you did, but now it is considered extremely important."

Aggressive

He also considers that "it's very important for Scottish houses to raise their profile." He says that one of the main reasons EFM was floated on the stock market was to increase awareness of its name.

This kind of high-profile approach has been followed for some years by Ivory and Sime, an aggressive investment trust management group which has obtained a full listing on the London Stock Exchange and has been active in pension fund management for British and American clients (but no so far in unit trusts).

What has been notable recently has been the evidence of substantial changes at more traditional firms such as Bailie Gifford or Martin Currie. They have shaken off their fuddy-duddy images and adopted much broader approaches to marketing their skills—though interestingly both have retained the partnership structure.

Baillie Gifford has refocused the portfolio strategy of its older investment trusts and has launched two new ones specialising in Japan and technology—taking the opportunity to include its name prominently in their titles. It, too, has gone into unit trusts and pension fund management.

The firm has accepted the need to take risks, and it has adopted a policy of concentrating its portfolios into larger holdings of fewer stocks. Its senior partner, Mr Angus Millar, soys: "We are very far from being middle-of-the-road equity managers. We are paid to make judgments."

For Baillie Gifford, the partnership structure appears to work well. It sees no need for outside capital, and the structure encourages stability of personnel, while with nine partners and 40 staff (including 20 investment professionals in all) the lines of communication are short.

At Martin Currie, the full impact is now being seen of a major shakeup in the partnership some four years ago. It has also built a similar mix of management of investment trusts, unit trusts and pension funds, with the extra element of a significant activity in the management of international portfolios for U.S. pension fund clients.

Martin Currie partner Mr Joe Scott Plummer says that the firm actually went into the U.S. pension fund management business before it tackled the domestic market. "U.S. clients were more receptive to a boutique-style operation," he explains. "But UK pension clients went for the big names. To appoint Martin Currie was an individual risk on the part of the man making the decision."

Today Martin Currie runs some $100m for five U.S. pension plan accounts, and is one of the few international Employee Retirement Income Security Act (Erisa) managers to be able to boast a five-year record in the business. The firm would like to expand in this field, but will not take on more than 15 clients in all.

Advantage

As for the UK pension fund market, Mr Scott Plummer recognises that the firm was late into this sector but is now "cracking the barriers" having gained five clients on the way, he hopes, to an eventual target of 40.

Like many others north of the border, Mr Scott Plummer sees Scotland's aloofness from the financial services revolution as a positive advantage. "A lot of excellent firms are going to get submerged in London," he says.

He points out that Scots have a streak of independence and are sceptical of the herd instinct. Moreover, in Scotland people manage money until later in life. "The tendency in London is that as financial services companies grow, the better individuals tend to be drawn into central management," he comments.

What of the remaining independent Scottish investment trusts whose management has been reluctant to diversify into other types of investment business? Mr Hamish Buchan sees them coming under increasing pressure, not least because they will have difficulty in atracting new fund management talent in the absence of a proper career structure or profit participation through share stakes or partnerships.

The view is not shared, however by Mr Angus Grossart, chairman of the Scottish Investment Trust—a £300m independent. He insists that the trust is big enough to survive, and has the kind of investment managers who will respond to a stable environment.

"Scottish Investment Trust has done sufficiently well that its role is not under question," he says. "There is still quite a considerable demand and support for that kind of trust in the market place."

Yet, last year produced a significant defection from the ranks of the independents. Edinburgh Investment Trust had already been dabbling in unit trusts, and in December it took the much more radical step of merging its management company with the management of two smaller Dundee-based trusts to form a group called Dunedin Fund Managers.

Traditionally, many Scottish investment trusts have made a virtue out of maintaining low profiles and low levels of management expenses, but such policies have tended to leave them vulnerable and isolated.

Certainly the Dunedin move appears to fit in with the more general pattern of the development of groups of specialised trusts, managed by firms which seek to spread the costs of operating their rather expensive international investment strategies by earning fees from other investment clients. Such broader-based firms, incidently, give much more scope for ambitious investment professionals.

Scotland's investment trust industry has a proud history, going back a century and more. But many of the sector's practitioners have come to the conclusion that for all the continuing merits of investment trusts they should really see themselves as being in the broadly defined fund management business in all its aspects.

Need for marketing Scottish virtues

SOME SERIOUS thinking is underway about the generic promotion of the small but thriving financial community in Scotland. Within the next year or two it is quite possible that newspapers and television in the United States may carry advertisements extolling the virtues of banking in Scotland.

Developments outside Scotland have set the banks, insurance houses and fund managers talking about the need for marketing.

The financial revolution in the City of London which has seen the formation of huge financial conglomerates combining banks, merchant banks, stockbrokers and stockjobbers, is having an unsettling effect on Britain's alternative financial centre in Edinburgh.

As yet, Scottish institutions have not joined the rush to form big financial supermarkets. In fact, many Scottish bodies believe their continued independence and smaller individual size will be a positive advantage.

To some, the appetite of big British and U.S. financial institutions to acquire new services poses a real threat to Scotland. The investment trusts are seen as possibly vulnerable to takeover by acquisitive conglomerates. Even Scotland's banks are potential targets for predators, in the view of pessimists.

The Scottish virtues to be marketed have been acquired almost by default. Scotland wants to tell the world that its financial sector has not gone the way of many institutions in London. It hopes customers, like big pension funds, who fear possible conflicts of interest in the large conglomerates will move their accounts to Scotland.

The idea of marketing emerged last year at the annual conference of the Scottish Council, Development and Industry, an industrial lobby group with members from both the public and private sector. The Aviemore forum approved a study by the council into ways of promoting Scotland.

This marketing effort has proved difficult to organise. The council has sounded out the financial sector but the response has been mixed. It is likely to start off by looking at projecting the advantages of the 30 or so Scottish investment trusts overseas. The investment trust movement which had its origins in Scotland is, in the view of some fund managers, better known in the U.S. than in the City of London.

While the council studies ways of getting the message across, an in-depth look at the financial sector in Scotland has been initiated through the Scottish Development Agency.

M. M.

PROFILE: BANK OF SCOTLAND

Second rights issue to fund expansion

THIS SHOULD be a landmark year for the Bank of Scotland: a major English bank sold its one-third shareholding and the Scottish bank opened Britain's first video Home Banking service. While others are talking of the flexibility and independence which computers and telecommunications provides for finance, the Bank of Scotland has done something about it. It has had to.

The bank has only seven branches in England where it sees its main market. There is insufficient room for profitable expansion in Scotland.

Over the past few years the bank has thought up a number of imaginative ways of expanding its customer base in the south. Its adaptable approach to the market has made it one of the country's more innovative banks.

The bank has needed to seek fresh resources to fund the rapid growth of its business as innovations, in the way of new technology, have to be paid for.

Quite recently it took the market by surprise when it announced its second rights issue in a year. It is raising £81m, almost exactly a year after the bank raised £41.5m. At the same time it reported that pre-tax profits for the year ended February 28 had risen 36 per cent to £80.4m.

Meanwhile, the bank is pressing ahead with its strategy of expanding into the English market through alliances with existing institutions rather than the more expensive way of building up a branch network.

Among the innovations already introduced is a money market cheque account providing high interest on large deposits but with chequebook access, launched in 1983.

Then as building societies and banks moved closer together the Bank of Scotland became the first to link up with a building society to launch a service. Banksave marketed in 1984 with the Alliance Building Society gave the Bank of Scotland access to customers served through 1,000 Alliance branches.

Banksave uses the Bank of Scotland's computers to unite an account with the Alliance to a current account at the bank. A regular sweep of the accounts allows the customer to keep the maximum amount of funds in his building society account where it earns interest.

Home Banking launched in January was to be the ultimate step in proving that you don't always need a lot of local branches. The system uses the experience gained with a limited home banking service experiment conducted in conjunction with the Nottingham Building Society.

The new scheme allows customers to examine their accounts, transfer money between them and make some payments and adjust standing orders from their homes.

It uses British Telecom's Prestel system. In effect the television is attached to the telephone to maintain a secure database maintained by Prestel and updated by the bank. Customers can only gain access to their accounts with a password which they can change as often as they like.

The response to Home Banking has delighted the bank which in the long run hopes to expand into the small business market. The service can also be adapted to home or business computers.

Also in January came news that Barclays Bank has sold its 34.4 per cent share in the Bank of Scotland to Standard Life Assurance. The move enhanced the Scottishness of the bank, a factor which cannot be underestimated in its home market which can be sensitive to questions of outside ownership.

At the same time the £155m sale freed Barclays to expand in Scotland where it has kept a relatively low profile because of the large stake in the Bank of Scotland.

Standard Life has gained a stake in one of the country's more go-ahead banks. The link with the bank may give it a new marketing force for integrating lending facilities with its life assurance products.

M. M.

Clydesdale £10m electronics revamp

ON THE face of it the Clydesdale Bank looks cornered. The other two Scottish clearing banks, the Royal Bank of Scotland and the Bank of Scotland have turned from over-banked Scotland to drum up business in the English market. The only option for the Clydesdale, a subsidiary of the big English High Street bank, the Midland, is to concentrate on its home Scottish market.

There, the TSB Scotland, the grouping of four Scottish savings banks, has made a frontal assault on the home retail market as part of its transition into a full-fledged bank and its pending flotation as a new group with the other UK TSBs on the stock exchange.

There have even been persistent rumours for over a year that the TSB Scotland might want to buy the Clydesdale from the Midland using the money raised in the flotation. The TSB has consistently denied it.

So does Mr Richard Cole-Hamilton, chief general manager of the Glasgow-based bank. "What has come down loud and clear from the highest authority is that the Midland will not sell us. It doesn't make sense for them to do that because they make a lot of the fact that they are the only clearing bank at the moment that has wholly-owned representation throughout the British Isles," he said.

The activities of the other banks tend to put the Clydesdale somewhat in the shadow. Indeed its management promises no startling developments in the foreseeable future.

The Clydesdale must be worried. The home market is being carved up and its estimated 25 per cent of the Scottish banking accounts is slowly coming under siege and its room for development is limited by the size and scope of its parent company.

The consolidated balance sheet of the bank for the year to December 1984 nonetheless looks healthy. It shows total assets of £2.5bn, an 11 per cent improvement over the previous year. Profits before tax were up 33.6 per cent on the year to £24.2m.

The electronics of the rival Scottish clearers are being stretched to help their assault on markets south of the border. The Clydesdale, concentrating on its own market, has done some pioneering work with electronic funds transfer at a number of petrol stations and now a co-op superstore in Aberdeen. Customers can pay using their banking card and typing in their account code on a terminal at the cash desk.

Another experiment has been the enlargement of the use of cash dispensers to take in deposits at one branch in East Kilbride. Cash dispensers have long had this faciilty but British banks have been slow to take it up.

The bank is about to turn its attention to an important revamping of its own back-room electronics in a three-year project estimated to cost about £10m. This will greatly enlarge the information network to branches as well as expand the Clydesdale's electronic link with the Midland.

The Clydesdale has also found short cuts to international banking using a full time representative in Houston, Texas, to put it in touch with the right clients in the North Sea oil market. The bank has now set up a full time representative working out of the Midland office in New York.

M. M.

Barry Riley reports on the opportunities and hazards in life assurance in the wake of the revolution in the financial services sector

Why amber lights are flashing

THE SCOTTISH life assurance industry currently has two men under the spotlight. They are Mr George Gwilt of Standard Life, which has just bought a one-third stake in Bank of Scotland for £155m, and Scottish Amicable's Mr Bill Proudfoot who has been appointed to the Marketing of Investments Board Organising Committee (MIBOC).

Both have pivotal roles to play in the life industry's attempts to grapple with the opportunities and hazards presented by the revolution in the financial services sector. Mr Gwilt is seeking to explore the commercial potential of links between banks and insurance companies, while Mr Proudfoot bears part of the responsibility for setting up the new regulatory framework which will protect policyholders against abuses.

The seven Scottish life offices play a distinctve role in the British life assurance market. Apart from the small, Dutch-owned Life Association of Scotland they are all mutual offices which market through independent intermediaries (especially insurance brokers) rather than tied agents.

Homogeneity

They do, of course, have English counterparts, but they have a homegeneity that the English offices lack. So they have been very sensitive to signs that government policies in respect of life assurance regulation have been drifting in a direction unfavourable to broker-oriented life companies.

Last January's White Paper on investor protection, with its demand for full disclosure of independent brokers' commissions but no comparable requirement for tied agents, set amber lights flashing north of the border.

When Mr Mark Weinberg, of one of the leading direct selling companies, Hambro Life, was appointed chairman of the MIBOC just before Easter there were angry accusations of bias. Mr David Berridge of Scottish Equitable immediately described the committee as unbalanced and commented: "I think its a pretty sad day for the independent intermediary."

In this context, Mr Proudfoot's role is to bring a strong counterweight to the 10-member committee. He is certainly a man known for his forthright views. "I want the independent intermediary to be helped. Disclosure won't help him," he says

A clash

There are all the makings of a clash with Mr Weinberg, who has ben talking about the need to establish "equivalence" in the marketing of life assurance and other kinds of investment such as securities. Mr Proudfoot argues that life assurance has nothing to do with the marketing of other investments. "You can't apply the same principles," he insists.

If Mr Proudfoot should ever need moral support, he will not have to look very far in Scotland to find it. At the Scottish Widows, for instance, Mr Charles Cavaye, chief general manager, emphasises that "in Scotland we tend to have strong views."

He says: "It's a pity the Government is going down the disclousure route rather than the control of commissions route. We don't see why we should need to compete on commissions. It's a very competitive industry in other ways."

Like other Scottish offices, the Widows is keeping a close eye on the link between Standard Life and Bank of Scotland. For its part, it is not planning mergers but does not rule out links with other kinds of financial institutions.

Mr John Elder, assistant general mangaer of the Scottish Widows, sets out its philosophy. "We are a medium- to long-term savings institution," he says. "We have no desire to become a quasi-banking institution as such. There might be merit in a link-up with short-term institutions, so that we could handle shorter-term savings to some degree."

At Standard Life, Mr Gwilt is guarded about his company's plans for the future. As the biggest European mutual life company—with investments totalling some £9bn including the Canadian operation and segregated pension funds—Standard is leading the way, although the relationship with Bank of Scotland appears to be a loose one.

"It is not a good idea to get involved in other businesses," says Mr Gwilt. He discloses that Standard has in the past looked at the idea of buying a deposit-taking institution, but rejected it.

Now he is looking for cooperation with Bank of Scotland to develop some kind of a package linking insurance services and banking. Or as his chairman, Mr Robert Smith, put it in his recent annual statement: "It has been clear to us for some time that a strategic stake in the banking industry would help us in tomorrow's markets."

A link

The first fruits of the relationship with Bank of Scotland are expected to emerge shortly. In the meantime, it appears that the idea is to promote the link in products where there is both a lending and a life assurance element.

Personal pensions products could be an important sector, given the potential of pension mortgages and the marketing appeal of loanback facilities on pension plans. Top-up loans on house purchases could be another area for co-operation.

The idea that Bank of Scotland's branches could act as a powerful marketing network seems to be wide of the mark. "They act as independent brokers," says Mr Gwilt firmly. "Our policies have got to be sold because they are good policies."

The changes under way in the City of London will profoundly affect the banking, insurance and financial service community in Scotland. What do prominent figures in Scottish politics and finance think will happen?

How Scotland views the big bang

I WOULD be concerned if reforms of the Stock Exchange had a disadvantageous effect on financial institutions in Scotland, but I see no reason why this should be so. The development of several large conglomerates should not be incompatible with the continued existence of smaller and specialist institutions. The Scottish financial community is notably entrepreneurial and outward looking and this must be of benefit in what is increasingly an international market. Technological developments are making access to information as easy and rapid in Edinburgh and Glasgow as in the City of London. These factors point to a healthy future for the Scottish financial sector.

GEORGE YOUNGER
Secretary of State for Scotland.

THERE IS going to be a difference between the City of London and Scotland along with the regions. This is going to be one occasion where the boundary is going to form at Watford. I'm sure there will be a need for Edinburgh to continue as a financial centre. There are things best done outside London such as investment in companies that are indigenous to the regions. The City could get too big, too impersonal.

RICHARD COLE-HAMILTON
Chief General Manager of the Clydesdale Bank.

IT MUST be good for Scottish financial institutions as it will give them much greater freedom of choice to buy and sell using their own expertise and initiative.

PETER BALFOUR
Chairman, Scottish Council Development and Industry.

THE CHANGES in the City have been instituted by a government in the quest for competition in business. The reaction in England is generally an instinctive rush for size and diversification. Scottish reaction has been to keep competition in the business but stress the specialisation which the Scots can provide in the belief that the discerning customer will prefer a premium service to a supermarket approach.

GARTH RAMSAY
Joint Deputy Chairman
Ivory and Sime Fund Managers.

MOST OF THE new groupings will probably come unstuck. Two areas which worry me are the ability of management to control functions which they themselves are not familiar with and secondly the potential incompatability of functions that are brought together. I am not confident that banking and stockbroking are good bedfellows. If there are grey areas, is it simply worth the risk of bringing the reputation and standing of a bank into question?

BRUCE PATULLO
Treasurer and General Manager, Bank of Scotland.

THE CHANGES could bring improved services to Scottish customers but there is concern that some services might deteriorate, partly because effective control of Scottish institutions could move outside Scotland. It is important that all concerned realise the vital contribution which Scottish finance makes to the economy—not only in the quality of its services but also in directly providing employment, income and indeed leadership. The sector's contribution to the UK financial sector should also be fully recognised by those engineering the changes in the City.

EDWARD CUNNINGHAM
Director Planning and Projects, Scottish Development Agency.

THE SO-CALLED big bang offers a fascinating opportunity for the Scottish financial community, if it wishes, to travel in a slightly different direction from London, establishing a more distinctive persona of its own and aimed at a specific niche in the middle market—where its focus would be more on entrepreneurship and people in a way which, will not be easy in the giant 'conglomeratives now being planned in London.

IAIN NOBLE
Noble and Company Limited.

THE SCOTTISH financial sector will dismiss the big bang at its peril. Investment trusts with mediocre performances could well find themselves under sustained attack, the likes of which they have not seen before. The big industrial companies based in Scotland will benefit from the revolution as they will be better served from London-based institutions. It will be even more difficult to lure back this business to Scotland.

PETER DE VINK
Edinburgh Financial and General Holdings.

SCOTTISH AMICABLE is sceptical about becoming a financial conglomerate involving all types of financial services. A lot of people have paid fancy prices for associations or mergers where we cannot see much of a marriage value. We want to grow by continuing to do what we are good at and that is investment management—covering traditional and unit-linked life assurance, managed and segregated pension funds.

BILL PROUDFOOT
Chief General Manager and Actuary Scottish Amicable Life Assurance Society

EDINBURGH CANNOT challenge London as the UK's first financial centre but it is important in its own right and has a clear opportunity at the moment to secure a prominent place for itself in some specialist fields. The Royal Bank of Scotland Group for its part will remain firmly headquartered in Edinburgh and Edinburgh will therefore become a centre for the provision of a number of specialist services available throughout England and Wales as well as Scotland.

CHARLES WINTER
Deputy Chief Executive, Royal Bank of Scotland Group.

PROFILE: ROYAL BANK OF SCOTLAND

Moving into fifth place

THE ROYAL BANK of Scotland would probably have liked to spend £15m for a merchant bank during slightly more settled times.

Its announcement in January that it was buying Charterhouse Japhet from Charterhouse J. Rothschild came right in the middle of a monumental reorganisation of the Royal to merge its English and Scottish banks into one group.

Merchant banks, however, do not come on to the market every day. Sir Michael Herriers, the chairman of the Royal group, is said to have been attending a meeting of the International Monetary Fund when he heard that Mr Jacob Rothschild was interested in divesting the merchant banking interest he had acquired 18 months before. It was too important an opportunity to let slip.

The bank announced a rights issue to fund the purchase and began yet further hectic merger talks.

Later this year the Royal Bank of Scotland and William & Glyn's will complete their merger. It has not been an easy business and some critics have wondered why two banks within the same group were allowed to develop in such different ways.

The merger will see the name William & Glyn's disappear in England to be replaced by one name, the Royal Bank of Scotland. Uniting two managements, a network of 900 branches, two quite different computer systems has totally absorbed the bank for the past year.

The merger has created Britain's fifth-ranking high street bank and will be the first UK-wide bank with its administrative headquarters in Scotland. Telephone video conference links will allow management conferences between London and Edinburgh without a lot of executives hopping on the aircraft south or north.

Much of the day-to-day running of the bank involving foreign exchange and Treasury dealing will be handled from London but policy matters will be dealt with in Edinburgh.

For the six months before the merger date of October 1 this year the chief executives of the two banks have swopped roles with Mr Charles Winter moving to London to run Williams & Glyn's and Mr Rob Farley living in Edinburgh to get to know the Royal.

Over two years ago the Royal Bank of Scotland had some big holes in its portfolio. The takeover hopes of Standard Chartered Bank and the Hongkong Shanghai Bank had been turned down by the Monopolies and Mergers Commission, it had very little in the way of corporate banking to offer, no overseas banks and no wholly-owned finance house.

A big hole has now been filled with the purchase of Charterhouse Japhet, a medium-sized merchant bank with a name for investments in small business and investment management and a fast growing line in development capital.

The merchant bank will absorb the Scottish-based activity of National Commercial and Glyns taking Mr Robert Smith, National's managing director on to the Board.

This corporate risk assessment will help overcome some criticism of the bank that it has not been sufficiently involved in some of the new high technology companies in Scotland.

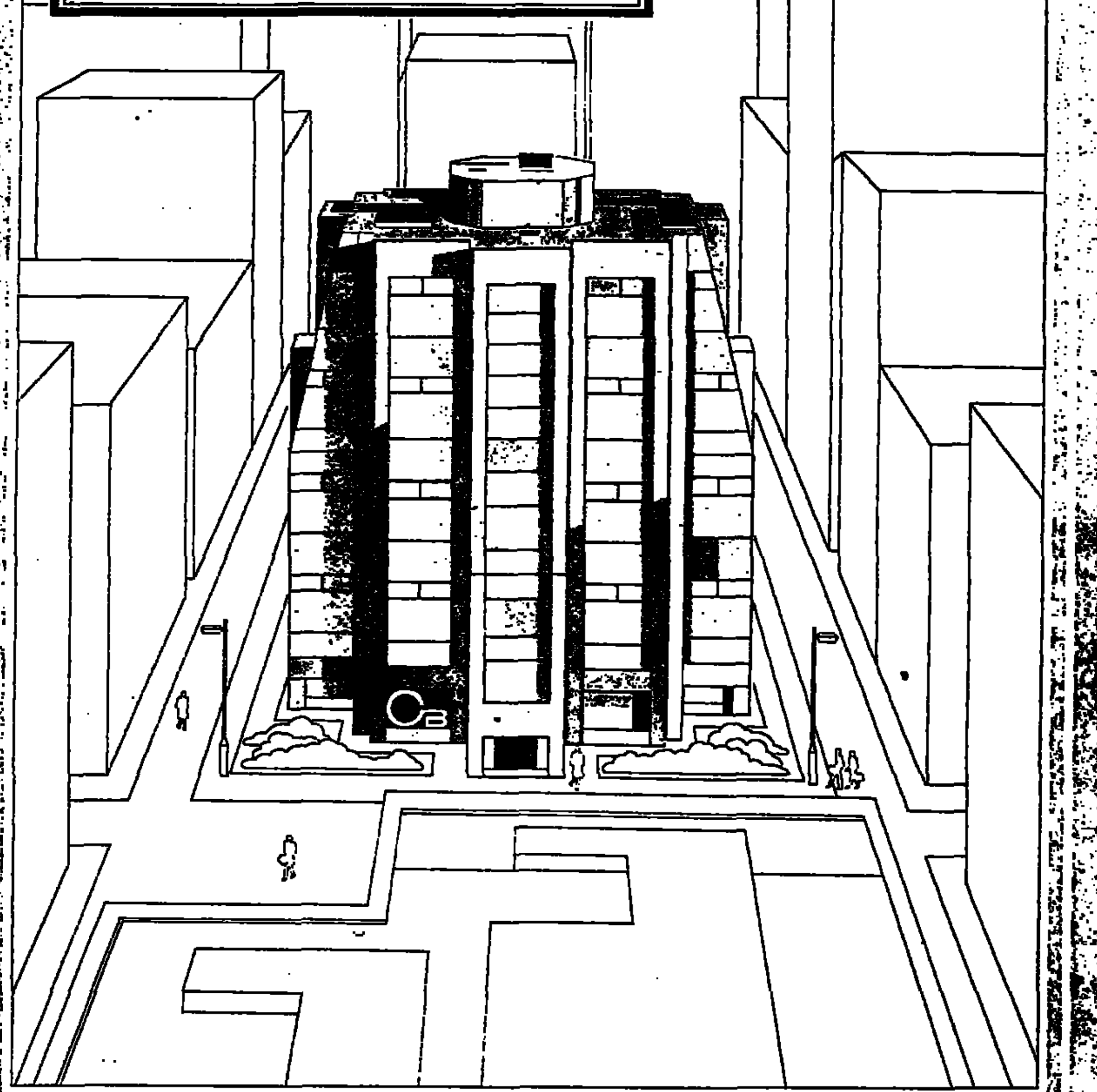
The sale of the Royal's 39 per cent share in Lloyds and Scottish Finance House to Lloyds Bank this past year left the group with no outlet for contracts for leasing or credit services.

The Royal's management can be quite coy about its plans in this area and about the possibility of a foreign acquisition.

Despite its purchase of a merchant bank, there seems little likelihood of the Royal trying to join the big league of conglomerates with blanket financial services under one roof.

Since acquiring Charterhouse Japhet the bank itself may also be too expensive a proposition for potential predators, including foreign banks looking for entry into the UK banking system.

Mark Meredith



WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Automated Security, 259 City Road, EC, 12.00
Clay (Richard), 6-16 Huntsworth Mews, NW, 12.00
Davies and Metcalfe, Injector Works, Romiley, Nr Stockport, Cheshire, 11.30
Exeter Building and Construction, Imperial Hotel, St Davids, Exeter, 12.00
Imperial Chem Inds, Royal Lancaster Hotel, Lancaster Terrace, W, 11.00
Powerline Intnl, Post House Hotel, Basingstoke Road, Reading, 10.00
Scottish Eastern Invest Trust, 29 Charlotte Square, Edinburgh, 12.15
TI Group, Midland Hotel, Birmingham, 12.00

BOARD MEETINGS—
Finals:
French Kier
Grp Lotus Car
MacLellan (P. and W.)
Menzies (John)
North British Steel
Polymark Intnl
Simon Eng
Slingsby (H. C.)
Trielus
Turriff
Wadkin
Interims:
Lyles (S.)
Peters Stores
Rothschild (J.)

DIVIDEND & INTEREST PAYMENTS—
Bairstow Eves 0.9016p
Bank of Montreal Fltg Rate Dbs 1996 $214.86
Britoil 8.2p
Canadian Imperial Bk of Commerce 52 cts
Canadian Pacific 35 cts
Derwent Valley Hldgs 70p
Exchequer 14pc 1986 7pc
Fife Indmar 5.5p
Noble and Lund 0.1925p
North Surrey Water 7pc 3.5pc. 4.9pc A 2.45pc. 4.9pcB 2.45pc. 3.5pc 1.75p. 3.5pc (formerly 5pc) 1.75pc
Sheldon Jones 1.35p
United States Debenture Corpn 3.73p
Wells Fargo 60 cts
Woodhouse and Rixson 0.75p

TOMORROW

COMPANY MEETINGS—
Eastern Intnl Invest Trust, 1 Berkeley Street, W, 10.00
Kleinwort Benson, 20 Fenchurch Street, EC, 11.45
Nat West Bank, Nat West Hall, EC, 12.00
Rea Brothers, Great Eastern Hotel, Liverpool Street, EC, 12.00
Vantona Viyella, Midland Hotel, Manchester, 2.15

BOARD MEETINGS—
Finals:
Allebone
Britannia Arrow
Farnell Elecs
Frost (J. J. and D.)
Hartons
Jacks (William)
PSM Intnl
Raybeck
Roberts Adlard
Ropner
Rush and Tompkins
Tarmac
Interims:
Cosalt
North Atlantic Secs
Windsor Secs

DIVIDEND & INTEREST PAYMENTS—
Armour Trust 10½pcLn 1991-96 5¼pc
Associated Dairies 7¼pcDb 1988-93 3⅝pc
Babcock Industrial and Electrical Prod 7¼pcDb 1985-90 3⅝pc
Bank of Montreal FltgRtsDbs Ser 6 1991 $546.77
Bank of Nova Scotia Fltg Dbs 1993 $273.39
Bath (City of) 11¼pc 1985 5⅝pc
Bath and Portland Group 7¾pcPf 2.7125p 7½pcLn 1988-93 3¾pc
Batleys of Yorkshire 10pcPf 5p
Blackwood Hodge 6pcPf 2.1p
Blundell-Permoglaze Hldgs 6½pcPfd 2.275p. 6½pcDb 1981-86 3¼pc. 7¼pc Ln 1990-95 3⅝pc
British-American Tobacco 6pc2ndPf 2.1p
British Land 12pcLn 2002 6pc
Brixton Estate 6¼pcDb 1986-91 3⅛pc
Brown and Tawse 7pcPf 2.45p
Burgess Products 6pcPf 2.1p
Burmah Oil 6pcPf 2.1p. 6pc2ndPf 2.1p. 8pcPf 2.8p. 7¼pcPf 2.5375p
Camellia Invests 6p
Campbell Soup 62.5 cts
Cantors 7½pcPf 2.625p
Chemical New York Corpn Fltg Rate 1999 $78.33
Chemring 4.9pcPf 2.45p
Citicorp Person-to-Person Inc Fltg Rate 1996 $214.06
Clark (Matthew) (Hldgs) 7pcPf 7.45p
Clutsom-Penn Intnl 6½pcDb 1985-90 3¼pc. 7½pc2ndDb 1986-91 3¾pc
Cookson Group 7pcPfd 1.225p
Cowan de Groot 10½pcPf 5.25p
Crowther (John Edward) (Hldgs) 5½pcPf 1.925p
Cydsa SA Fltg Rate 1988 $578.19
Davenport's Brewery (Hldgs) 5pcPf 1.75p
Derwent Valley Hldgs 10pcPf 3.9p
Dickie (James) 0.5p
Dominion Intnl Group 1986 Shs 3.5p
Dow Chemical 45 cts
Dundee and London Invest Trust 5pcPf 1.75p
Dunlop Hldgs 5¾pcPf 2.0125p
Ellis and Everard 7½pcDb 1987-92 3¾pc
English Electric 6¼pcDb 1984-89 3⅛pc
English Property Corpn 9⅞pcDb 1997-2002 4¹⁵⁄₁₆pc. 7pcLn 1998-2003 3½pc
Ericsson (L. M.) Series B SKr 9
Estates Property Invest 6pcDb 1983-87 3pc. 7¾pcLn 1989-92 3⅞pc
Findhorn Finance 17¼pcLn 1995 8⅝pc
Fisons 6½pcDb 1984-89 3¼pc
Foreign and Col Invest Trust 7pcLn 1988-1993 3½pc
Garton Engineering 8½pcLn 1993-97 4¼pc
Genfinance NV Fltg Rate 1987 $276.53
Greenfield Blacks 10pcPf 5p
Grofund Intnl Pf 2.2 cts
Guernsey Atlantic Secs Trust 3p
Guildhall Property 6pcPf 2.1p
Haynes Publishing Group 4p
Heavitree Brewery 11½pcPf 5.75p
Heinz (H. J.) 4½pcPf 1990 1.575p
Heywood Williams Group 8pcPf 1.4p
Howden Group 0.9p. 7¾pcDb 1986-91 3⅞pc. 8¼pcDb 1986-91 15 cts
Imperial Group 8pcLn 1985-90 4pc. 10.5pcLn 1990-95 5.25pc. 6.9pcLn 2004-09 3.45p. 7.5pcLn 2004-09 3.75pc
Islington Corpn 12¾pc 1986-87 6⅜pc
Jackson (William) 7½pcPf 2.625p
Kensington and Chelsea (Royal Borough) 11¼pc 1985-87 5⅝pc
Kleinwort Benson Eurobond Pf 64.18p
LRC Intl 8pcLn 1990-95 4pc
Land Secs 6pcDb 1988-93 3pc
Land Secs 6pcDb 1988-93. 7¼pcDb 1991-1996 3⅝pc
London and Scottish Marine Oil 50.3148p
Latham (James) 8pcPf 4p
Lloyds Eurofinance Flt Rate 1993 $274.96
London Merchant Secs 7¼pcLn 2000-05 3⅝pc
London Shop Prop Trust 1.35p. 9pcLn 1994-99 4½pc. 9pcLn (2nd Series) 1994-1999 4½pc. 3.85pcPf 1.925p. 11.625pc Db 2018 2.7654p. 12.5pcDb 2015-20 6.25pc
London Trust 4pcDb 2pc. 5½pcDb 1¾pc. 5½pcDb 1983-88 2¾pc
Lookers 3p
McAlpine (Alfred) 9pcPf 4.5p
Macanie (London) 7¾pcLn 1986-91 3⅞pc. 7¼pcLn 1986-91 3⅝pc
Marley 6¼pcDb 1983-88 3⅛pc
Massey-Ferguson Hldgs 7½pcDb 1987-1992 3¾pc
Menzies (John) 6¼pcDb 1980-85 3⅛pc
Metal Closures Group 6pcPf 2.1p
Mid-Southern Water 10pcPf 1985 3.288pc
Midland Intnl Fltg Rate 1991 $276.53
Miller Rayner and Haysom 10pcPf 1.3125p
Mills and Allen 6½pcPf 2.275p
Newarthill 8¼pcPf 2.8875p
News Intnl Spec div 5.2545p
North (James) 7½pcLn 1987-92 3¾pc
Nova Scotia (Province of) 16¾pcLn 2011 8⅜pc
PHH Group 0.22 cts
Pacific Sales Organisation 1p
Peel Hldgs 10pcPf 2.4p
Photax (London) 11pcPf 5.5p
Photo-Me Intnl 3.15p
Pifco Hldgs 1.76p. A Limited Vtg 1.76p
Plessey Connectors 7¼pcDb 1985-90 3⅝pc
Prestwich Hldgs 0.35p
Racal Electronics 7pcLn 2009-14 3.20274p
Rank Organisation 10¼pcLn 1997-2002 5⅛pc
Ranks Hovis McDougall 6¾pcLn 1985-88 3⅜pc
Rea Brothers 0.80p
STC Distributors 7pcDb 1989-94 3½pc
Samuel (H.) 6¾pcDb 1985-90 3⅜pc
Scottish and Newcastle Breweries 5½pcPf 1.925p. 7¾pcPf 2.7125p
Scottish Invest Trust 4pcDb 2pc. 4¼pcDb 2⅛pc. 5pcDb 2½pc
Seagram Distillers 12¾pcDb 2012 6⅜pc
Shaw Carpets 8½pcDb 1988-93 4¼pc
Shaw Carpets 10pcPf 5p
Ship Mortgage Finance 8pcDb 1983-85 3pc
Southern California Edison 51 cts
Southerns-Evans 8pcDb 1987-92 4pc
Steinberg Group 5pcPf 1.75p
Stevens (J. P.) 0.30 cts
St Helens (Met Borough of) 11¼pc 1985 5⅝pc
TI Group 5p
Tate and Lyle 13pcLn 1994-99 6½pc
Tay Homes 1.4p
Television South 10pcLn 1997 6.465753p. 14-20pcLn 1986-88 7pc
Texaco Intnl Financial Corpn 4¼pcLn 1981-99 2⅛pc
Trafford Park Estates 3.75p
Transamerica Corpn 41 cts
Triplevest 4.603p
Truman 4pcDb 1980-85 2pc
Trusthouse Forte 6.25pcDb 1984-89 3.125pc. 6.25pcDb 1985-90 3.125pc. 7.25pcDb 1986-91 3.625pc. 10.5pcDb 1991-96 5.25pc. 9.1pcLn 1995-2000 4.55pc
Valor 5¼pcPf 2.625p
Vaux Group 7pcPf 2.45p. 4½pcAPf 1.575p. 6½pcAPf 2.275p
Walker (Thomas) 0.1575p
Wates City of London Props 0.53p
[illegible]
Whittington (William) 8pcLn 1992-97 4pc
Woolworth 14½pcLn 1987-89 7¼p

WEDNESDAY MAY 1

COMPANY MEETINGS—
Beatson Clark, Hallam Tower Post House Hotel, Sheffield, 12.00
Family Invest Trust, 20 Fenchurch Street, EC, 2.30
Invergordon Distillers, Merchants House of Glasgow, 7 West George Street, Glasgow, 12.30
Lloyds Bank, 71 Lombard Street, EC 3.00
Manders (Hldgs), Goldthorn Hotel, Penn Road, Wolverhampton, 12.00
Mellerware Intnl, Grand Hotel, Colmore Row, Birmingham, 12.00
Monument Oil and Gas, Watermens Hall, 18 St Mary-at-Hill, EC, 12.00
1928 Invest Trust, Imperial House, Dominion Street, EC, 11.30
Pittard Group, Manor Hotel, Yeovil, Somerset, 12.00
Tricentrol, Saddler's Hall, Gutter Lane, Cheapside, EC, 12.00

BOARD MEETINGS—
Finals:
Foseco Minsep
Framlington Overseas Inc and Growth Fund
Geers Gross
London Utd Invs
Marshalls Universal
Mowlem (John)
Nimslo Intnl
Nurdin and Peacock
Ramco Oil Services
Shiloh
Spear (J. W.)
Sonna
Yelverton Invs
Interims:
[illegible] Storage and Supply
Jessups
Nynex

DIVIDEND & INTEREST PAYMENTS—
APV Hldgs 3.15pcPf 1.575p. 4.55pcPf 2.275p. 5.25pcPf 2.625p
American Information Tech Shs 1.65 cts
American Medical Intl 18 cts
American Telephone and Telegraph 30 cts
Anglo American Industrial 5.625pcPf 2.40286p
Bahia (State of) Brazil 5pcGoldLn 1904 2½pc
Banro Industries 5pcPf 2.5p
Barclays Overseas Invest Fltg Rate $274.96
Bassett Foods 7½pcPf 2.625p
Bell Atlantic Corpn 170 cts
Bellsouth Corpn 70 cts
Boulton and Paul 5pcPf 1.75p. 5½pcPf 1.925p. 7pcPf 2.45p
Bristol Corpn Db 1½pc
British Electric Traction 4½pcDb 2¼pc
British Gas 3pc 1990-95 1½pc
British Invest Trust 3¾pcPf 1.8375p
British Mohair Hldgs 6pcPf 1995 2.1p
British Shoe Corpn Hldgs 6½pcPf 2.275p
British Vending Industries 0.59p
Bryant (Derek) Group 5p
Chase Manhattan Corpn 4⅝pc Notes 1993 2⁵⁄₁₆pc
Citicorp 56.5 cts
Daniel Breweries 4½pcBDb 1896 2¼pc
Drayton Consd Trust 4½pcDb 1975-85 2¼pc
ELF UK 12¼pcLn 1991 6⅛pc
Edinburgh Inv Tst 7¼pcDb 1995 3⅝pc
Exeter Bldg and Construction Group 3.6p
Ferranti 3.85pcPf 1.925p
Finland (Republic of) 14½pcLn 1986 7¼pc
Frogmore Ests 6½pcLn 1985-87 3¼pc
GTE Fin 13¼pc (1-5-87) 6⅝pc
General Stock Invest Trust 3¾pcPf 1.925p
Genfinance 11.31pcLn 2007 (Reg) 5.655pc. 11.31pcLn 2007 (Br) 5.655pc
Glaxo Group 7¼pcLn 1985-95 3⅝pc
Good Relations Group 3.3p
Gossard (Hldgs) 5½pcPf 1946-2000 1.925p
Greece (Kingdom of) 7pcLn 1924 3½pc. 7pc 1924 Bds 1965 3½pc
Guaranteed 4½pcBds 2¼pc
Hardys and Hansons 5pcPf 1.75p. 4pcDb 2pc
Hospital Con of America 15cts
Hungary 7½pcStgBds 3¾pc
Imperial Brewing and Leisure 6¾pcDb 1984-89 3⅜pc. 7¼pcDb 1985-90 3⅝pc
Insilco Corpn [illegible] cts
King and Shaxson 5pcPf 1.75p
Lamont Hldgs 6pcPf 1.05p
Lewis (John) Properties 8¼pcDb 4⅛pc
Lincoln National Corpn 46 cts
Londonderry Port Harbour 3½pc 1¾pc
M & G Extra Yield Fund Inc Units 3.65p
Marks and Spencer 10pcPf 3.5p
Marshalls Halifax 10pcPf 5p
Merchants Trust 4pcDb 2pc
Montreal (City of) 3pcDb 1½pc
Nicor Inc 76 cts
Northern American Trust 3½pcPf 1.75p
Norwich Corpn 3pc 1½pc
Nottingham Corpn 3pc 1½pc
NYNEX Corpn 1.6 cts
Parkland Textile (Hldgs) 3.15pcPf 1.575p
Petros 4½pcPf 2¼pc
Plessey 1.799p
Powerline Intnl 0.8p
Property and Reversionary Invests 5pcPf 1.75p
Ratcliffs (Great Bridge) 2.5p
Reading Corpn 3½pc 1978 1¾pc
Reckitt and Colman 6¾pcDb 3⅜pc
Reed Publishing Hldgs 3½pcDb 1983-88 1¾pc. 6½pcDb 1983-88 3¼pc
Scottish Agric Sec Corpn 3½pcDb 1963-93 1¾pc. 13pcDb 1997-1999 12½pc
Scottish Invest Trust 3.5pcPf 1.75p. 3.85pcPf 1.925p. 4.55pcAPf 2.275p
Sheafbank Prop Trust 7½pcPf 2.625p
Southwestern Bell 1.50 cts
Stock Exchange £4.25Anns (Reg) 2.125pc
Stockholders Invest Trust 5pcDb 1985-90 2½pc
TR Pac Basin Inv Tst 4½pcPrpDb 2¼pc
Torchmark Corpn 25 cts
Trans-Oceanic Trust 5pcPf 1.75p
Triefus 20pcPf 1.75p
US West Inc 1.43 cts
Union Intnl 7pcPf 2.45p
Vickers 6p
Watney Mann and Truman Hldgs 7¼pcDb 1987-92 3⅝pc. 5½pcLn 2¾pc. 8½pcLn 4¼pc
Webster (Samuel) 4¼pcDb 2000 2⅛pc
Whitbread 4½pcPf 1.575p. 7pc3rdPf 2.45p. 6pc3rdPf 2.1p

THURSDAY MAY 2

COMPANY MEETINGS—
A. C. Cars, A.C. Works, Summer Road, Thames Ditton, Surrey, 4.00
Antofagasta Hldgs, Great Eastern Hotel, Liverpool Street, EC, 12.00
Brit. Petroleum, Barbican Centre, Silk Street, E.C., 11.30
Cadbury Schweppes, Royal Lancaster Hotel, Lancaster Terrace, W., 12.00
Canning (W.), Canning House, St. Paul's Square, Birmingham, 3.00
Clyde Petroleum, Central Hotel, Gordon Street, Glasgow, 12.00
Home Charm Group, Institute of Chartered Accountants, Copthall Avenue, E.C., 11.00
Jourdan (Thomas), 6, Park Street, Windsor, Berkshire, 12.00
Marley, Riverhead, Sevenoaks, Kent, 12.00
Turner and Newall, National Computing Centre, Oxford Road, Manchester, 12.00
V.G. Instruments, Hotel Russell, Russell Square, W.C., 11.30

BOARD MEETINGS—
Finals:
Aberdeen Construction
British Inv Tst
Davies and Newman
Edmond
Fleming Far Eastern Inv Tst
Highcroft Inv Tst
Holt Lloyd Intnl
Huntingd Ascod Inds
Inchcape
Lilley (F. J. C.)
Interims:
Transvaal Cons Land and Explrn
Utd Wire
Wemyss Inv Tst

DIVIDEND AND INTEREST PAYMENTS
Anglia Television N/Vtg. A 5p
Beatson Clark 3.5p
City of Aberdeen Land Assoc. 6p
Cons. Gold Fields 8.5p
Family Inv. Tst. 4.4p
HTV Group N/Vtg. 2.5p
Julianas Hldgs. 1.225p
Sedgwick Group 7p

FRIDAY MAY 3

COMPANY MEETINGS—
American Trust, 4, Melville Crescent, Edinburgh, 12.15
Boddingtons Breweries, Britannia Hotel, Portland Street, Manchester, 11.45
Bowater Inds., Butchers Hall, 87, Bartholomew Close, EC, 11.00
Bronx Engineering, Chamber of Industry and Commerce, 75, Harborne Road, Edgbaston, Birmingham, 12.00
Hickson Intnl., Carpenters Hall, 1, Throgmorton Avenue, E.C., 12.00
Memec, Hotel Russell, Russell Square, W.C., 12.00
Midland Bank, Poultry, E.C., 11.30
Pearson, Millbank Tower, Millbank, S.W., 12.00
Ransomes Sims & Jefferies, Nacton Works, Ipswich, 12.00
Wolstenholme Rink, Last Drop Hotel, Bromley Cross, Bolton, 12.00

BOARD MEETINGS—
Finals:
Air Call
Boot (Henry)
Interims:
Rand Mines Props

DIVIDEND AND INTEREST PAYMENTS
Antofagasta Hldgs 13p
Ayrshire Metal Products 0.5p
Bracken Mines 40cts
Clyde Petroleum 1.5p
Cons. Plantations Berhad 8sen
Hall Engineering 4.2p
Heelamat Hldgs 2p
Kinross Mines 150cts
Laing Properties 3.75p
Leslie Gold Mines 45 cts
Needlers 5p
1928 Inv. Tst. 1.5p
Oriflame Intnl. $1.50 (Reg. UK) 32 cts. Do. $1.50 (Reg. Lux.) 32 cts. Do. $1.50 (B.) 32cts.
Paterson Zochonis 1.55p
Do. A N/Vtg 1.55p
Treasury 15½pcLn 1996 7¾pc
Treasury 12pc 1987 6pc
Unisel Gold Mines 75cts
Waverley Cameron 3.75p
Wells Fargo Fltg. Rate Subord. Nts. 2,000 $74.48
Winkelhaak Mines 230cts.

SATURDAY MAY 4

DIVIDEND AND INTEREST PAYMENTS
New Zealand 11¼pc 2008 [illegible]

SUNDAY MAY 5

DIVIDEND AND INTEREST PAYMENTS
[illegible]
Nationwide Bldg Soc 11¼pc 11-11-85

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current
Incentive Marketing Exhibition (01-688 7788) (until May 1) — **Met. Exbn. Hall, Brighton**

April 30
Computer Aided Production Management Exhibition (01-579 9411) — **Wembley Conference Centre**

May 2-5
Road Haulage Association Annual Tipping Convention and Exhibition — TIPCON (0532 502368) — **Exhibition Centre, Harrogate**

May 12-14
6th British Craft Trade Fair (0282 867153) — **Harrogate**

May 12-15
Business to Business Exhibition (01-729 0677) — **Barbican Centre**

May 12-15
London International Furniture Show (01-385 1200) — **Earls Court**

May 16-27
National Home, Garden and Leisure Show — LIFESTYLE (01-222 9341) — **N.E.C., Birmingham**

May 21-23
Heating, Ventilating and Air Conditioning Exhibition (021-705 6707) — **Olympia**

May 21-24
Chelsea Flower Show (01-834 4333) — **Royal Hospital**

May 30-June 8
Fine Art and Antiques Fair (01-385 1200) — **Olympia**

June 3-6
International Freight Industry Conference and Exhibition—WORLDFREIGHT (01-642 7688) — **Met. Exhibition Hall, Brighton**

June 4-6
Business Computer Show (01-643 8040) — **Earls Court**

OVERSEAS TRADE FAIRS

Current
International Trade Fair (01-736 6002) (until May 5) — **Casablanca**

May 3-11
International Public Works and Building Equipment Exhibition —EXPOMAT (01-439 3964) — **Paris**

May 10-14
International Accessory, Machinery and Materials Fair for Furniture Production, Interior Decoration and Furnishing — INTERZUM (01-930 7251) — **Cologne**

May 14-18
International Telecommunications and Information Technology Exhibition — TELEMATIC (01-683 1158) — **Kuala Lumpur**

May 16-19
Roof and Wall Trade Exhibition (01-930 7251) — ***Cologne***

May 21-23
Electronic Components and Equipment Exhibition — CEX (01-891 5051) — **Hong Kong**

May 27-31
Brazilian Textile Industry Fair—FENIT (01-486 8686) — **Sao Paulo**

May 28-31
Asian Water Technology Exhibition and Conference—AQUATECH ASIA (01-437 8404) — **Singapore**

May 31-June 9
International Air Show (01-439 3964) — **Paris**

May 31-June 2
International Trade Fair for Cosmetics, Health and Beauty Fair—COSMETICS (01-486 1951) — **Munich**

BUSINESS CONFERENCES

April 29-30
Business Research International: Going public: making the right choice for your growing company (01-637 4383) — **Park Lane Hotel, W1**

April 30
Longman Seminars: Competition law and technology transfer (01-242 2548) — **Barbican Centre**

April 30
Society for Strategic and Long Range Planning: Service strategies—competitive weapons for success in the 1990s (01-235 0246) — **15 Belgrave Square, SW1**

April 30
Institute of Directors: Walter Goldsmith on "The Winning Streak" (01-839 1233) — **116 Pall Mall, SW1**

May 1
Institute of Taxation: Finance Bill 1985 (01-235 8847) — **Hotel Inter Continental, W1**

May 1
The Industrial Society: Advice for pension scheme members (01-839 4300) — **3 Carlton House Terrace, SW1**

May 3
The Institute for Fiscal Studies: Competition and regulation (01-636 3784) — **St Ermins Hotel, SW1**

May 10
Petroconsultants: Petroleum exploration / production trends (01-930 5939) — **Meridien Hotel, Houston**

May 15
British Overseas Trade Board: "Exporting for jobs" (01-215 3228) — **Banqueting House, Whitehall**

May 23
Seminars for Secretaries: One-day training seminar (01-935 7992) — **Cafe Royal, W1**

May 29-31
Dataquest European Semiconductor Industry Conference—"Winds of Change" (01-353 8807) — **Hilton Hotel, Vienna**

June 3-4
FT Conference: Foreign exchange risk in 1985 (01-621 1355) — **Hotel Inter Continental, W1**

June 6
Videotex Industry Association: Profiting from Videotex in sales and distribution (01-940 6211) — **Selfridge Hotel, W1**

June 10-11
FT Conference: The Sixth Paper and Pulp Conference (01-621 1355) — **Hotel Inter Continental, W1**

June 11-12
FT Conference: World gold in 1985 (01-621 1355) — **Lugano**

June 11-12
EDANA: Italian nonwovens symposium (Brussels 02-734.93.10) — **Milan**

June 12
Oyez: Supply, use and carriage of goods—the implications of the new dangerous substances regulations (01-236 4080) — **London**

June 17-18
The Economist: Going global—global marketing and strategy (01-839 7000) — **Park Lane Hotel, W1**

June 18-19
FT Conference: World electronics—global market approach (01-621 1355) — **Hotel Inter Continental, W1**

June 18-19
Crown Eagle Communications: Franchising (01-404 4756) — **Tower Hotel, E1**

June 24-25
Communications Educational Services: *Telecommunications—the European future* (01-733 3456) — **Dorchester Hotel, W1**

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

PARLIAMENTARY DIARY

TODAY

Commons: Second Reading of Finance Bill.

Lords: Local Government Bill, committee. Eumetsat (Legal Capacities) Order 1985, and the Specialised Agencies of the United Nations (Immunities *and Privileges) (Amendment) (No 2)* Order, 1985, motions for approval.

Select Committee: *Public Accounts* — Subjects: Delivery of Benefits. Witness: Sir Geoffrey Otton, DHSS (Room 16, 4.45 pm).

TOMORROW

Commons: Insolvency Bill, Second Reading. Consideration of Lords amendments to Films Bill and Town and Country Planning (Compensation) Bill. *Remaining stages of Industrial Development* Bill.

Lords: Local Government Bill, committee. Town and Country Planning (Compensation for Restrictions on Mineral Working) Regulations 1985, motion for approval.

Select Committee: Commons — Committee on a private *Bill:* Birmingham City Council (Room 5, 11 am). Lords — *committee on Overseas Trade.* Witnesses: Hewlett Packard and IBM at *10.30 am and ICL and Applied* Computer Techniques (ACT) at 11.30 am.

WEDNESDAY

Commons: Debate on motion to take note of the 25th report from the Public Accounts Committee in Session 1983-84 on financial assistance to De Lorean Cars, and of the Northern Ireland Department of Finnace and Personnel memoranda on that report. Coal Bill, Second Reading about 7 pm.

Lords: Short debate *on position of* women in econimic and social affairs and in public life. Short debate on need for policy for rural areas taking account of the needs of farming, forestry, *industry* and environment. Unstarred question on Green Paper, Building Societies: A New Framework.

Select Committees: Commons—Scottish Affairs, subject: Scottish Commentary on public expenditure. Witness: *George* Younger, Scottish Secretary (Room 19, 10.30 am). Energy, subject: UK Gas depletion policy. Witness: Sir Denis Rooke, chairman British Gas; (Room 8, 11.15 am). Employment, subject: Work of the Employment Department. Witness: Tom King Employment Secretary. (Room 15, 4.15 pm). Social Services, subject: Medical Education. Witnesses: Kenneth Clarke, Health Minister, plus officials. (Room 21, *4.15 pm). Environment, subject:* Estimates inquiry 1985-86. Witness: Environment Department, (Room 20, 4.30 pm). Treasury and Civil Service, subject: Supply Estimbates 1985-86. Witnesses: Treasury officials, Inland Revenue *officials (Room 6, 4.30 pm).*

THURSDAY

Commons: Remaining stages of the Law Reform (Miscellaneous Provisions) (Scotland) Bill.

Lords: *Local Goverment Bill,* committee. Representation of the People Bill, report.

Select Committees: Commons Agriculture, subject: UK government agricultural *development* and advisory services, including lower input farming. Witness: NFU *(England and Wales)* (Room 16, 10.45 am). Committee on a private Bill — Birmingham City Council (Room 5, 10.30 am).

FRIDAY

Commons: Private members' Bills.

Lords: Education (Corporal Punishment) Bill, Second Reading.

TECHNOLOGY

EDITED BY ALAN CANE

Apollo bucks trend in networking

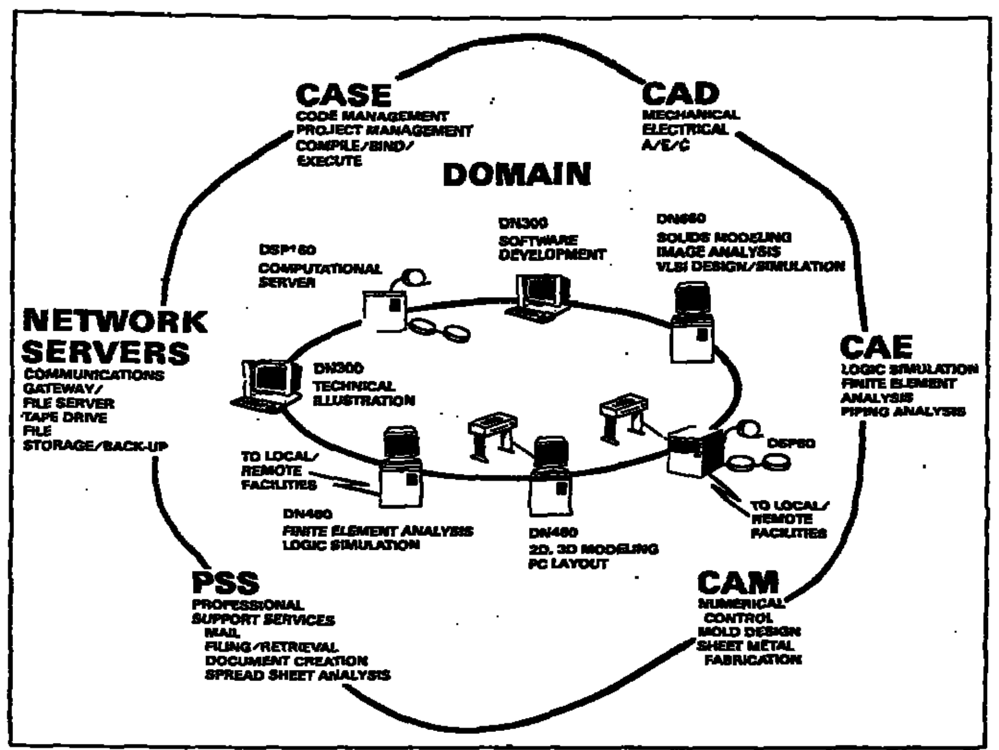
Geoffrey Charlish reports from Chelmsford, Massachusetts

ALTHOUGH PARTS of the U.S. computer industry are reporting sharp profit reductions and redundancies, Apollo Computers of Chelmsford, Massachusetts, is bucking the trend by exploiting a growing niche market in networked engineering workstations.

In the first quarter of this year net income was double that of the same period last year, at $8.85m on sales of $82m. The five-year-old company has just sold its 10,000th workstation and has 650 customers.

Almost disconnected from conventional business computing, where some of the industry's problems have arisen, Apollo has been deploying technology to meet the design needs of professionals in electronic and mechanical engineering, in software writing and in manufacturing. It is a niche market which president and chief executive officer Dr Thomas Vanderslice thinks will soon be more vigorously attacked by IBM and DEC, among others.

But at the moment, with its Domain network technology and arange of quality 32-bit workstations selling at an average price of £40,000—plus comprehensive software from 100 suppliers—Apollo claims to be in a unique position.



The Domain system allows each engineering and software designer in a group to have his own database but gives access to the others

Computer-aided (CAD) supply companies like Mentor, Calma, Autotrol and Racal Redac are major OEM (original equipment maker) customers of Apollo. Last week Siemens decided to buy systems for software design that will be worth $100m to Apollo over the next three years.

Fluor Corporation has just bought $6m of Apollo-equipped CAD from Calma as the plant design market begins to pick up after a recession. Sperry, moving into the computer-integrated manufacturing (CIM) market earlier this year, also chose Apollo.

The key to the company's success is its networking architecture. Domain's high level approach allows files, programs and resources like computer power and memory to be distri buted throughout the network with what is claimed to be complete transparency to the user. He or she accesses what is needed as if the data or facilities are in his other workstation.

Individual stations can perform tasks simultaneously and a major project workload can be shared out between them without degradation of on-screen response times. Such group working facilities are increasingly needed in software writing for example, and in large scale engineering design, in order to keep the project time to a minimum.

Although the world workstation annual market is put at $500m by Dataquest, it is expected to become $3.2bn by 1988. Apollo hopes to maintain its share at the 40 per cent it claims at present, but some U.S. analysts think there are challenges it must face up to.

As ever, the biggest threat could come from IBM, which

apollo computer inc.

has just as much interest in selling workstation hardware as Apollo and will usually exploit markets with sufficient volume—as it has with the PC. But Vanderslice is sceptical, and suggests that IBM has not been too good at technical workstation networking in the past.

The industry expects IBM to introduce a technical workstation this year but Prudential-Bache Securities admits: "We do not know what the operating system, local area network or user interface will be or what degree of dependence the workstations will have on IBM host computers." But it is very likely to be performance and price competitive, leading to a rush of software offerings from independent vendors.

IBM is already gaining market share with its PC XT and AT models at the low end of the engineering workstation market, with the benefit that the machine can be used with much existing business software as well.

DEC, for its part, has a strong OEM presence and a higher speed "Microvax 2" is expected to use the VAX virtual memory system operating software. DEC already has a strong application sofeware base for technical users.

Between them, Apollo, DEC and IBM could account for 70 per cent of the professional user workstation market by 1989, according to Prudential-Bache.

Some industry observers also think that Apollo has been too dependent on its OEM customers, which provide 70 per cent of the business. Calma is one of the major OEMs and has recently experienced difficulties and staff lay-offs. Furthermore, the analysts suggest that Apollo's very high margins on sales may not be sustainable since those of their customers are much lower. New competition for Apollo may force those margins downs.

The fact that Domain is not an open network at the moment and does not comply with international standards is shrugged off at Apollo. Transparency is

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considered to be far more important to professional users than the ability to connect "foreign" equipment. However, the arrival of a new vice-president for engineering, Franklin Moss, with a strong IBM background, sets the stage for the integration of IBM PCs into Domain and the interfacing of IBM SNA networks to Domain networks.

Bloodbath forecast in U.S. software retail sector

BY PHIL MANCHESTER

THERE IS strong evidence that the U.S. software industry is entering a recession. Speakers at the Softcon conference and exhibition in Atlanta, Georgia were less than enthusiastic about the prospects for software companies in 1985.

Mr Will Zachman of the market research company, IDC, told the conference. "The book-to-bill-ratio began to decline last fall and there is going to be a bloodbath in the retail and distribution industry."

The downturn could be the beginning of general recession in the U.S. economy, he said, adding that prices of software were going to drop dramatically.

"There is no class of software which will not drop in price. Companies like Borland International have shown that low price packages are good business."

He predicted that personal business packages will fall below the $200 by next year.

Mr Bruce Davis of the California-based software company, Imagic, said there was room for only two significant companies in the consumer software marketplace because of the cost of developing and marketing products.

Despite claims of a much larger market, he put the U.S. consumer market at only $55m in 1985 and a single company needed to gross $24m to stay in the game.

Lotus was making excuses for the late delivery of its office product for the Apple Macintosh, Jazz — the first time the company had defaulted on a promised delivery.

Mr Mitch Kapor, head of Lotus, said the product had bugs in it and: "We can't release a product with bugs." This

Mr Mitch Kapor: "We can't release a product with bugs"

follows Lotus's relative lack of success with its Symphony product announced last year.

Lotus is not the only software company in trouble. Microsoft has suffered similar delays with its Window product and even IBM has failed to produce its much vaunted Topview in a satisfactory state. The word at Softcon was that it took so much space in memory, there was no room for any applications to run with it.

It was, perhaps, significant that none of the big software producers — Digital Research, Microsoft, Ashton Tate, Lotus— were present at Softcon. This left the field open to about 250, lesser known, exhibitors offering a wide range of software and software-related products.

The show was dominated by North American companies — including a number from Canada. European and Japanese companies were nowhere to be seen.

In spite of the lack of excitement there were some interesting new products. Several companies were pinning their future hopes on the esoteric areas of artificial intelligence and expert systems.

Human Edge Software, for example, was showing its Expert Edge package — a commercially based expert system following on from its training packages, Sales Edge and Management Edge. Thoughtware unveiled its Sell!' package, describing it an as expert advisor program to aid in selling.

More significant was the presence of a number of companies selling networking packages. Waterloo Microsystems, an adjunct of Waterloo University in Ontario, Canada, was showing a package called Port. Using the sort of windowing technology that Apple and Xerox have made popular, Port offers companies with lots of IBM PC's and PC-compatible personal computers a simple way of plugging them together and sharing resources between them.

Guide to design of offshore tubular joints

BY DOMONIC LAWSON

UEG, the research and information group for the underwater and offshore engineering industries, has published the most comprehensive study to date of what has proved to be a major source of difficulty and escalating costs in the offshore industry. The three-volume work is called "Design of tubular joints for offshore structures."

The project was funded by 21 organisations, including major oil companies, design consultants, and the UK Department of Energy. Work began in July 1982 and the project has cost about £225,000 so far.

The problem of tubular joints in the design, construction, and maintenance of steel offshore structures has flourished in recent years as the number of nations with offshore oil and gas discoveries has grown. This has led to wide-ranging and differing requirements for design certification and a proliferation in codes of practice, rules, regulations, and published research data.

UEG's 908-page guide is the result of a joint industry project, designed to prepare a more rational approach to joint design. A major part of the project work was carried out by UEG's main contractor, Wimpey Offshore Engineers and Contractors.

Volume one of the guide is a day-to-day working document giving a recommended design approach based on a detailed analysis of the information present in volumes two and three.

Volume two contains a detailed summary and discussion of existing design codes and other published work and makes recommendations in relation to simple welded joints, on static strength, local joint behaviour—including numerical and experimental techniques, stress concentration factors, and local joint flexibilities.

Volume three deals with materials selection, fabrication and non-destructive examination, and includes a study of complex welded, cast and composite joints.

"Design of tubular joints for offshore structures" costs £280—or $295 plus $20 postage in the U.S. UEG is at 6, Storey's Gatc, London, SW1 3AU. Tel. 01-222 8891. Telex: 24224, Ref 2063 UEG.

Electrical test for robot welds

WELDS MADE by robots are tricky to test. The conventional method is to take a specified number of samples off a production line and use strain testing equipment to see what forces are needed to pull the weld apart.

Bell Laboratories have developed a non-destructive method based on a pencil-sized probe that can measure the strength of a weld from its electrical resistance.

The thory is not new, but developing a machine adequate to measure the fractional difference in resistivity between a good weld and bad was difficult.

The Bell device uses four equally snaced probes. A current of between 0.5 and 3 amperes is passed through the weld under test between the outer probes. This results in a voltage drop between the inner pair.

This drop decreases at the weld where the material thickness is greater; the size of the drop is a direct measure of the welded area and its integrity. There is a direct relationship between the results using the probe and destructive strain methods.

Bell in the U.S. is on (201) 582 3000.

Fastest computer

A SUPERCOMPUTER capable of making more than 1bn calculations a second has been launched by Fujitsu of Japan. The company is claiming that it is the world's fastest supercomputer, running at nearly twice the speed of its previous top-of-the-line model.

Called the Facom VP-400, the new computer is expected to be used in applications which will make use of its immense "number cruching" abilities including scientific research, weather forecasting and nuclear power development. Monthly rental will be Y79m (£250,000).

INSURANCE

A life assurance tax relief contest

BY ERIC SHORT

ON BUDGET DAY last year, March 13, the Chancellor of the Exchequer, Mr Nigel Lawson, announced the ending of tax relief on life assurance premiums. Life Assurance Premium Relief (LAPR) was abolished from midnight that day.

Life assurance companies received thousands of proposals in the few hours between Mr Lawson's announcement and the midnight deadline, and they streamlined their processing procedures to beat the deadline.

However, some life companies may have cut too many corners in trying to convert the proposals into binding contracts before midnight. The Inland Revenue checked each company and its procedures during the periodic LAPR audit and disallowed tax relief on many contracts on the grounds that they were not legally in force by the deadline.

Since then, life companies have been in dispute with the Revenue over the practical effects of the law of contract, which determine whether the contracts were legally in force by the deadline.

To help member life companies in their dispute, the Life Offices Association and the Associated Scottish Life Offices sought Counsel's opinion. They have received the joint opinion of Mr Robert Alexander QC and Mr W. P. E. Taylor QC.

The joint opinion considers five types of circumstances under which proposals were processed and acceptances given to the individual making the proposal.

The first four situations appear straightforward. Where acceptance of the proposal was posted or handed to the intended insured or given orally, including telephoned acceptance, before the deadline, there seems little doubt that the contract was legally in force by the deadline.

The opinion also has little doubt that contracts beat the deadline where acceptance was guaranteed provided the proposer fulfilled certain conditions before the deadline, as long as the proposer did so.

However, the fifth case considered by the opinion is one that is an important source of the problems between life companies and the Revenue.

This concerns situations where the argument would be that proposal forms were submitted and bindingly accepted by the insurer's decision alone without that decision being communicated to the insured.

This is clearly a grey area and there might well be practical problems in establishing with enough precision that dealings between the parties were such as to lead to a binding contract.

The opinion leaves open the possibility that there may be a custom in the life assurance industry that a binding contract is concluded before the formal requirements of the ordinary law of contract have all been met.

Mr Michael Oppe, the association's secretary, has welcomed the opinion as providing a firm basis for the associations and individual companies to negotiate with the Revenue. He hopes it will enable the Revenue to standardise its requirements. However, he admits it does not give the companies a clean bill of health in some areas of dispute.

The Revenue, which has been sent a copy of the opinion, accepts that it accords with the opinion of its own legal advisers.

The line taken by the Revenue is that life companies must provide reasonable evidence that LAPR is applicable to each contract processed. In some cases the necessary procedures may have been followed, but in other instances in the Revenue's opinion, they were not.

At the end of the day, only the courts can determine the issue.

Life companies such as Friends' Provident, with sophisticated computerised procedures, have an advantage. These systems process most contracts quickly, and record on the computer the precise time of processing.

However, that is not the complete answer. The Revenue accepts that companies may have followed the correct procedures, but it also claims that it would have been physically impossible for a company to give notification before the deadline in respect of all the proposals it received. It is offering a compromise deal, under which a reasonable percentage of the proposals will be agreed to qualify for tax relief, but the rest will be ruled out.

The life company is left with the unenviable task of deciding which contracts beat the deadline, and which did not and then with the prospect of informing the unlucky losers.

To preserve goodwill, companies in such cases seem to have little alternative but to pay the tax relief from their funds. Pearl Assurance, in reporting last year's results, announced that it had set up a £250,000 reserve on its unit-linked business to cover the cost of such action.

Meanwhile, the negotiations continue. Pressure is bound to mount on the life companies to reveal their intentions to those policyholders affected by the dispute.

Disclosure of interests proposed

By Eric Short

THE GOVERNMENT'S investor protection proposals mean that registered insurance brokers and other independent intermediaries selling life assurance and unit trusts to the public will have to disclose their full financial interests in sales to their clients, it emerged last week.

Mr Alex Fletcher, Minister for Consumer Affairs at the Trade and Industry Department, told the annual conference of the British Insurance Brokers Association in London on Friday that this would mean disclosing not only the main commission payments, but any additional payments that might be earned or other benefits arising from sale.

Mr Fletcher also highlighted the difference in treatment between insurance brokers and tied agents over the principle of authorisation.

The general proposition in the Government's plans was that it would be necessary for organisations to get authorisation to long-term insurance.

Such authorisation would be automatic for insurance companies under their general authorisation to transact long-term business, but tied agents would be exempt where their company took full responsibility

CONTRACTS

CONSTRUCTION CONTRACTS

Spread for Conder

Figures from CONDER PROJECTS (part of the Conder Group, Winchester) show that in March new orders totalled £17.25m. Contracts include: offices for the TSB in Andover, Hants (5,045 sq metres, worth £4.15m); a warehouse and offices for Dutch Holdings at London Mar 4 Mar 15 June 13 June 24 Heathrow Airport (7,594 sq metres, worth £4.2m); civic offices in Sussex for Arun District Council (4,060 sq metres, worth £2.3m); workshop and offices for Halliburton Manufacturing and Services in Aberdeen (6,839 sq metres, worth £3.2m); a private hospital for Nationwide Hospitals in Cambridge (4,200 sq metres, worth £2.45m); and a library and offices in Stanmore, Middx (2,712 sq metres, worth £1m).

£11m work in south-east

RUSH & TOMPKINS has secured contracts in the south-east worth over £11m. Largest, worth £3.8m, is with the Property Services Agency for construction at RAF Brampton, Bedfordshire, an 18-month project. On the north side of the M25 Dartford Tunnel work has started on a £2.1m infrastructure contract on RTZ's Tunnel Estate at West Thurrock, Essex. The nine-month contract includes concrete carriageway, two pumping stations and foul and surface water drainage. A £1.6m contract has been won at Redhill, Surrey, for fitting out a 4,850-sq metre Sainsbury supermarket and in Kent, Rush & Tompkins has started two building contracts worth £1.8m. At Ashford the company has a 12-month contract for a £1m Post Office sorting office, and in Dartford work is underway on a 3,800-sq metre DIY retail centre for Lex Service. The store will take 28 weeks to complete. The company has won three road improvement contracts with Kent County Council worth £1.4m. At Gatwick Airport, Rush & Tompkins is doubling the size of the high risk flights area in Pier 1 of the Southern Terminal. The arrival and departure lounges for flights with a high security risk are being increased by 28m sq metres under a 16-week £300,000 contract with British Airports Authority.

Lelliott wins £13m order

Contracts worth around £13.8m have been awarded to the JOHN LELLIOTT GROUP the largest of which is in excess of £2.75m for refurbishment of 4/10 Hill Street, W1. Other projects include the £1.8m refurbishment of 19/23 Knightsbridge and Centurion House, in the City £1.7m.

★

BALFOUR BEATTY CONSTRUCTION has been awarded a contract valued at £904,000 by British Rail Board. Whitley Moran & Co, the Liverpool-based specialist concrete repair subsidiary, will carry out repairs to the Summit Tunnel near Todmorden, which was damaged by fire in December 1984, following the derailment of a train carrying over 1,000 tonnes of petroleum fuel. The contract involves the removal of the damaged bricks which line the tunnel and repairing and strengthening the lining using reinforced sprayed concrete. Replacement brickwork, mechanical pointing, epoxy coating, drilling, grouting and rockbolting will also be carried out. In addition, two badly damaged vent shafts are to be stabilised using rockbolts, capped top and bottom with reinforced concrete slabs and filled with polyurethane foam. Also included is the removal and replacement of the contaminated ballast and associated drainage over a 500 metre length.

★

An extension worth £3m at British Home Stores, Foregate Street, Chester, has been won by JOHN LAING CONSTRUCTION. Work is expected to take 60 weeks. The company also has a £732,000 extension at Stretford Grammar School for Trafford Borough Council, for completion in May 1986.

★

HENRY BOOT SCOTLAND has started work on construction of a £1.7m single-storey services building at Leverndale Hospital in Glasgow. Contract completion is programmed for mid-August 1986 and the client is Greater Glasgow Health Board.

★

M. HARRISON & CO (LEEDS) has won two contracts worth a total of over £500,000. These relate to extensions and alterations at the Yorkshire Bank branch in Westgate, Shipley, and refurbishment of the Halifax Building Society branch in Commercial Street, Leeds. Work has begun on both projects.

Ro-ro terminals for John Howard

Contracts totalling about £8.3m have been awarded to JOHN HOWARD & CO and associate companies. These include a roll-on/roll-off facility at Uig, Isle of Skye, for the Highland Regional Council. Work has started on this £2.1m project. A roll-on/roll-off terminal at Kuantan, Malaysia, has been won by Mattra Howard, a Malaysian company managed by John Howard, awarded by Feri Malaysia. Work has commenced on the £1m project. This company also has a roll-on/roll-off terminal at Kuching, awarded by the Kuching Port Authority. Work will start shortly on this £2.7m project. Medway Ports Authority has awarded a contract for an extension to the existing port facilities at Lappel Bank, Sheerness, involving reclamation and rock protection. Work will commence in early May on this £2.5m project.

Gas mains for Press

A long-term contract worth about £7m has been awarded to PRESS CONSTRUCTION by North Thames Gas. The company will deploy 80 mobile crews in the western and north western areas to install, repair and maintain distribution mains and services. The programme is scheduled to run until April 1987.

★

Work has begun on a £5m superstore for Tesco in Hull, at the junction of Hall oRad and Beverley Road. Covering 55,000 sq ft and with a net sales area of 30,000 sq ft the development will provide surface level parking for 570 cars. Construction is by TAYLOR WOODROW CONSTRUCTION (NORTHERN) and will be completed in spring 1986.

★

The Colchester Division of Anglian Water has awarded FAIRCLOUGH CIVIL ENGINEERING a contract worth nearly £3m for extensions to Tilbury sewage treatment works. They will consist of an inlet pumping station, an aeration tank, four clarifier tanks, tidal outfall works, and a control building. All in reinforced concrete, the structures will be supported on insitu concrete piles. Work has started for completion in late 1986.

★

Orders worth over £5m have been awarded to TERN SOUTHERN, Southampton. These include a 110,000 sq ft retail development at Taunton for MFI/Queensway; two residential contracts at Frimley for Crest Homes; and an indoor bowls complex at Newbury for West Berks Indoor Bowls Club.

★

A £1.8m contract for a tennis and leisure centre for David Lloyd at Sutton, Surrey, has been awarded to JOHN MOWLEM & CO. Situated just north of Roundshaw Park the centre will compris e12 indoor courts, 15 snooker tables, whirlpool spas, saunas, massage, fitness room, dance studio, lounge and restaurant. In the grounds there will comprise 12 indoor courts, courts, car parking, play area and landscaping. The client is Hazelbaron and the club will be operated as part of the David Lloyd chain of tennis centres. Work has started for completion in October.

THE WEEK IN THE COURTS

When the law fails to help the handicapped

A LEGAL SYSTEM worthy of the name should cater adequately for all members of the community. Two of last week's decisions in the courts show that all is not yet well in that respect with the present state of the law in England.

The first of those decisions was in the Court of Appeal in *Lee v South West Thames Regional Health Authority*, The Times Law Report, April 23, 1985. The Court of Appeal with considerable reluctance and misgiving felt compelled to decide that a former patient could not obtain from a health authority a report by ambulance men who had transferred him from one hospital to another during the course of hospital treatment.

On April 28, 1983, when a very young baby, Marlon Lee was scalded by boiling water. He was taken to University College Hospital, but was sent from there to the burns unit at Mount Vernon Hospital. He developed respiratory problems. He returned in an ambulance to University College Hospital on a respirator. Three days later, when released from the respirator, he was found to have very severe brain damage, probably through lack of oxygen.

The ambulance crew's report would or might have helped his advisers decide whether he had grounds to claim compensation against any relevant health authorities.

There were three authorities: North East Thames Regional Health Authority for University College Hospital; Hillingdon Area Authority for Mount Vernon Hospital; and South West Thames Regional Health Authority for London Ambulance Service on behalf of all London health authorities.

None of these authorities disclosed, or was in a position to, or was willing to, disclose this report.

It was claimed to be a privileged document because it was made for Mount Vernon Hospital with a view to obtaining legal advice on legal liability.

The Court of Appeal, following a High Court judge and a Master of the Queen's Bench Division, upheld this claim, even though the result might be to prevent Marlon Lee, his mother or their advisers from discovering what had caused his brain damage.

In his judgment, the Master of the Rolls, Sir John Donaldson, said some thought should be given to what was the duty of disclosure by a doctor and a hospital to a patient after treatment, but that this was not an issue in the appeal.

The legal principle which determined the result of the appeal was that a defendant or potential defendant, such as the Hillingdon Health Authority, should be free to seek evidence, such as the report of the ambulance crew, without being obliged to show the result of those researches to any opponent or potential opponent such as Marlon Lee in any actual or contemplated litigation.

The scope of the Court of Appeal's decision shows the need and urgency for a comprehensive review and revision of the legitimate scope of claims by litigants or prospective litigants of legal immunity from the duty to disclose documents, especially if those documents contain reliable information likely to assist or promote a just decision in any dispute.

Obstacles to the ascertainment of the truth should not be encouraged too readily or enthusiastically even in the sacred realms of the law.

The other decision last week likely to arouse the attention and dismay of anyone concerned with substantial justice was in the House of Lords in *Lees v Secretary of State for the Social Services*, The Times Law Report April 26, 1985.

Miss Lees was claiming a mobility allowance: a weekly cash benefit for those unable to walk. An immobility allowance would seem a more appropriate and accurate name, but the law and lawyers have an odd way with language.

Her claim was rejected all along the line: by an insurance officer, a medical practitioner, a medical board, a medical appeal tribunal, a Social Security Commissioner, the Court of Appeal and the House of Lords.

The medical evidence was that "she suffers from retrolental hyperplasia with complete blindness and also some hydrocephalus with symptoms including some impairment of balance and marked impairment of capacity for spatial orientation." She cannot move out of doors without someone to guide her. Guide dogs do not help.

The basis of the rejection of Miss Lees' claim is a distinction between the ability to walk and the inability to direct one's walking. Essential to this distinction is the notion that the ability to walk consists wholly and exclusively of the physical power to move one leg in front of another. Does any normal person who has ever been for a walk support this excessively narrow notion?

The dictionary defines walk as "to go from place to place, to journey, wander." Linguistically, place, direction and a sense of place and direction are inherent in the everyday use of the word "walk," whether as a verb or a noun.

When, in the Book of Genesis, Enoch and Noah are described as walking with God, it is not simply a matter literally or figuratively of putting one foot in front of another.

Anyone who walks is not merely using legs or feet, but other parts of the body, such as arms, and other senses, including sight, touch, smell and hearing, and is also experiencing, acting on and responding to brain signals.

Neither linguistically nor realistically does the distinction make much sense.

Lord Scarman's speech in the House of Lords in Miss Lees' case must have repercussions on claims brought by or on behalf of sufferers from mongolism and other physically or mentally handicapped persons whose walking is affected by their disability.

How will medical practitioners, insurance officers, medical boards and medical appeal tribunals deal with them? Will the result of any claim for a mobility allowance in all these cases depend on whether the medical findings reveal a physical factor causing an inability or a virtual inability to walk?

What other forms of benefit or allowance are available for Miss Lees and other handicapped persons judicially pronounced ineligible for mobility allowance? Do they qualify for an attendance allowance? Or does anyone looking after them qualify for an invalid care allowance?

Or is the sad truth of the matter that social security law fails to provide for them adequately or at all. If so, the sooner the law is reformed, the better. It is fashionable to denigrate the welfare state. But the ideals of the welfare state are among the 20th century's greatest achievements; and the law's flagrant and continued neglect of Miss Lees and others will justify the gibe against the "frigid, mean, self-righteous Eighties."

Justinian

OVERSEAS

Stent Foundations in the Gulf

STENT FOUNDATIONS, piling and ground improvement division of Balfour Beatty Construction International, has won four contracts worth £3m in the Arabian Gulf. In Dubai, Stent has an £800,000 preliminary works contract at the Diwan for Sheikh Rashid Bin Saeed Al Maktoum, Vice-President and Prime Minister of United Arab Emirates and ruler of Dubai. As main contractor Stent will carry out demolition, site enclosure, site investigation, excavation and construction of over 1,000 bored piles for the 50,000 sq metre office development.

At Qatar, under the management of Stent Foundations, JBK Foundations, a division of Sheikh Jasim Bin Khalid Contracting Co, has commenced construction of over 600 contiguous bored piles 600 mm and 900 mm diameter for local contractors, Qatar Construction and Development Co, in the centre of Doha. The piling works for Mannai Underpass, the first underpass in Qatar, are valued at £1m. Client for the project is the Civil Engineering Department, Ministry of Public Works, for the Government of Qatar.

In Abu Dhabi, Stent Foundations is about to start the bored piling works for Al Wimpey Roads and Constructions (Abu Dhabi) for the interchange and two service bridges on the approach roads to the Al Taweelah power and desalination plant. The tender value of the sub-contract piling work is £400,000. In Bahrain, Consolidated Contractors (Bahrain) Co W.L.L. has awarded Stent Foundations a £800,000 sub-contract for the construction of 600 bored cast in-situ piles 600 mm diameter and 23 metres deep for the Grand Mosque to be built in Manama. Client is the State of Bahrain, Ministry of Works, Power and Water.

APPOINTMENTS

Senior posts in BAT Industries group

BATUS Inc, U.S.-based operating group of BAT Industries, has appointed Mr R. J. Pritchard as fichairman and chief executive officer of the BAT Tobacco Group and Mr B. D. Bramley as a senior vice president and chief administrative officer. Mr Pritchard will resign from the board of British-American Tobacco Co on May 15, the date of his appointment with BATUS Tobacco Group, and Mr Bramley will resign on July 29 when he joins BATUS. Mr N. Davis will join the board of British-American Tobacco on May 1 with responsibility for production and leaf.

★

ROBERT FRASER AND PARTNERS has appointed Mr Geoffrey Rippon, MP, as chairman and Mr Charles Hoare as deputy chairman. Mr Rippon is chairman of Britannia Arrow Holdings, Dun and Bradstreet and a director of Group Bruxelles Lambert and Singer and Frielander. Mr Hoare is chairman of Geers Gross and formerly managing director of Wardley Hong Kong, wholly-owned merchant bank of the Hong Kong and Shanghai Banking Corporation.

★

COMMERCIAL UNION ASSURANCE has appointed Mr Colin Ray as life underwriter from September 1. Mr Ray is transferring from the British and European Reinsurance to succeed Mr George Gobey who will retire from the group in September after 36 years' service, and British and European Reinsurance has appointed Mr J. Sainsbury life underwriter from June 1.

★

Mr Douglas Soper, chairman and managing director of Scaffolding Construction, has been elected president of the NATIONAL ASSOCIATION OF SCAFFOLDING CONTRACTORS for 1985-86. The new senior vice-president is Mr David Brown, a director of London and Midland Scaffolding (Holdings). Junior vice-president is Mr Michael Ormiston, managing director of GKN Kwikform.

★

UK PETROLEUM INDUSTRY ASSOCIATION has elected Mr J. Klootwijk (Shell) as its president. Mr H. M. Matthews Texcao) and Mr R. E. Lintott (Esso) are vice-presidents and Dr P. H. Jungels (Petrofina) is treasurer. All are chief executives of their respective companies.

★

W. E. COX & CO (REROVERIES) has appointed as directors from May 1 Mr Geoff Munro, Mr Dave Cox and Mr Derek Coller.

★

Mr Bert De Vos, chairman of D'Arcy-MacManus Masius, is the new president of the INSTITUTE OF PRACTITIONERS IN ADVERTISING.

★

Mr T. F. Churchman has been appointed group managing director of WILLIAM JACKS. He was director, group finance and control, of Brown Boveri Kent.

★

At STIEBEL ELTRON the director, Mr Gert S. Brinckmann, has resigned to pursue other interests. Mr Kurt Salleck has been appointed managing director and Mr Jim Hemsworth, sales director.

★

Mr Anthony T. Harvey has been appointed to the board of BABCOCK INTERNATIONAL. He joins from the Dunlop main board as executive director.

★

Mr Charles M. Smith, former managing director of Gulf Oil Company (Nigeria) has become managing director of CHEVRON PETROLEUM (UK). He has succeeded Mr Len Porter Jr, who has returned to Chevron U.S.A. Inc as general manager—production, western region.

★

Captain Brian Goodland, formerly general manager, Texaco Overseas Tankship, has been appointed director government relations of TEXACO, of which he became a director in 1984.

★

Mr Dennis L. Howson has been appointed general manager and underwriter for TRADE INDEMNITY and Mr Alan D. G. Tidy becomes general manager, administration. Mr Tidy was formerly with the Economic Insurance Co. These appointments precede the departure of Mr Henry C. Warry, general manager, corporate office, who retires on May 30.

★

ICC OIL SERVICES has appointed Mr Bill Wallece as group finance director (designate). He was financial director of Langdon Industries.

★

Mr Pat Thompson has been appointed managing director for CONSTRUCTORS TERN and PROTERN from May 1. He was with William Cowlin as regional director for Wales.

★

AIRSHIP INDUSTRIES, a subsidiary of the Bond Corporation of Australia, has appointed Mr George A. Spyrou as secretary. Mr Spyrou, legal counsel and, formerly, marketing manager, has been associated with the company since 1981.

★

Mr Christian Williams joins the board of BOWATER FREIGHT SERVICES on May 7 as an executive director. He was formerly executive director of TKM International.

★

At IVORY AND CO, investment managers, Edinburgh, Mr Alan M. M. Finlay joins the partnership on May 1.

★

BRADSTOCK BLUNT & CRAWLEY has appointed Mr John A. Jenkins, Mr Nigel E. Collins, Mr Philip M. Coombs and Miss Jacqueline M. Stephens as associate directors from May 1.

★

On May 1 Mr Ian H. Ogle will become managing partner for Scotland and NE England at ARTHUR YOUNG. Office managing partner in Glasgow will be Mr James B. Marshall. Mr Neil Sharp becomes office managing partner for the Tayside offices of Dundee, Perth and Forfar.

★

The Industry Secretary has made four appointments to the Industrial Development Advisory Board: Mr Peter Grant, deputy chairman of Lazard Brothers; Mr John Melbourn, a deputy general manager of the National Westminster Bank; Mr Harold Mourgue, vice chairman of Thorn-EMI; and Mr Alan Wheatley, senior partner at Price Waterhouse, London office. These appointments follow the appointment announced last month of Mr Ronald Halstead, chairman of the Beecham Group, as chairman of the board.

★

The Frizzell Group has appointed Mr John Sevastopulo as a director of NORMAN FRIZZELL PROFESSIONAL INDEMNITY. He was with Bowring Professional Indemnity.

★

One of WHITEHEADS' most senior management team, Mr Mike Taylor, has been promoted to the board.

APV International chief

Dr Richard Baldwin has been appointed chairman and managing director of APV INTERNATIONAL and chairman of APV PARAMOUNT, wholly-owned subsidiaries of APV Holdings, from June 1. He joins from GEC Transmission and Distribution Projects

★

Mr P. F. Dawson has resigned as joint deputy chairman and group finance director of C. E. HEATH to become chief executive officer of a wholly-owned subsidiary, Pinnacle Reinsurance Co, in Bermuda. Mr P. E. Presland becomes group finance director of C. E. Heath.

Mrs A. Busby, Mr J. S. Cousins, Mr M. J. Ezra, Mr S. K. Grove, Mr G. M. Kershaw, Mr J. A. Qualie, Mr K. McC. Reynolds, Mr C. Romain and Mr J. N. Scott-Malden have joined the partnership of DE ZOETE & BEVAN, stockbrokers.

C. E. Heath and Co (International) has been reorganised into two companies. C. E. Heath and Co (North America) will deal with insurance and faculative insurance emanating from North America, and C. E. Heath and Co (International), which will control business emanating from elsewhere (excluding UK and North America). The boards are as follows: C. E. Heath and Co (International)—Mr J. Percy-Davis—chairman and managing director, Mr J. R. Houlder—executive director, Mr A. J. Hamilton, Mr S. S. Marshall, Mr R. G. C. Pummell, Mr G. N. Sloan, Mr C. H. White and Mr G. T. Woods. C. E. Heath and Co (North America)—Mr N. J. Chamberlain — chairman and managing director, Mr G. M. Addiscott — executive director, Mr A. E. Fell, executive director, Mr K. D. Bridger, Mr D. W. Burns, Mr B. W. Culliford, Mr L. M. Hewitt and Mr G. T. Woods.

Changes in the C. E. Heath Group:—at C. E. Heath and Co (Aviation) Mr C. S. Baldey is appointed an assistant director of these companies; at C. E. Heath and Co (Aviation Reinsurance Broking) Mr G. R. Barden is appointed an executive director and Mr C. S. Baldey an assistant director; C. E. Heath and Co (Home) Mr B. Warburton is appointed managing director and Mr G. Roberts an additional director; at C. E. Heath and Co (International) Mr A. G. Needham is appointed an assistant director; at C. E. Heath and Co (Marine) Mr J. R. C. Young is appointed an associate director and Mr M. R. Neville an assistant director; at C. E. Heath and Co (North America) Mr N. G. L. Woods is appointed an assistant director; at C. E. Heath, Loader and Co Mr D. W. Nichols is appointed chairman and also becomes chairman of C. E. Heath, Urquhart (Life and Pensions), where Mr K. W. Galliford is appointed an assistant director.

★

THE MERSEY DOCKS AND HARBOUR COMPANY has elected two new "B" directors, Mr John B. Leworthy, chairman of Crystalate Holdings and Peek Holdings, and Mr Robert C. Paul, deputy chairman of the Mond Division of ICI. They replace two non-serving directors, the deputy chairman, Mr Geoffrey Heywood, and Mr John G. Parkes.

Mr Terence Edwards, managing director of Edwards Securities, and Mr William B. Slater, managing director of the cargo aviation and offshore shipping division of the Cunard Steamship Company, were re-elected.

★

Mr Michael Diacono has been named general manager, SALLY freight services. He was general manager of Bristol Minerals, with responsibility for the company's baryte grinding plant in China and for the export to and distribution of baryte in the U.S.

Contracts and Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF NATIONAL & INTERNATIONAL CALL FOR TENDERS
NUMBER: 9106.AY/DIV.

The National Oil Exploration Company is launching a National and International Call for Tenders for the supply of:

Lot No. 1: PORTABLE PILLAR DRILLS
Lot No. 2: TRIMMING MACHINES
Lot No. 3: GRINDING MACHINES

This Call for Tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law No: 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux aux Puits (E.N.T.P.)
16 Route de Meftah, Oued Smar, El-Harrach, Algiers, Algeria
Direction des Approvisionnements (Supplies Division)

with effect from the date on which this notice is published for the sum of 400 Algerian Dinars. Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope, by registered mail to the Secretariat de la Direction des Approvisionnements [Secretariat, Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tender, or any heading, and should read: "APPEL D'OFFRES NATIONAL ET INTERNATIONAL No. 9106.AY/DIV — CONFIDENTIEL — A NE PAS OUVRIR" [NATIONAL & INTERNATIONAL CALL FOR TENDERS No. 9106.AY/DIV — CONFIDENTIAL — DO NOT OPEN].

Tenders must be received by Saturday 15 June 1985 at the latest.
Selection will be made within 180 days of the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF NATIONAL & INTERNATIONAL CALL FOR TENDERS
NUMBER: 9112.AY/DIV.

The national Oil Exploration Company is launching a National and International Call for Tenders for the supply of:

CARRIER COMPRESSORS

This Call for Tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law No: 78-02 of 11 February 1987, with respect to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux aux Puits (E.N.T.P.)
16 Route de Meftah, Oued Smar, El-Harrach, Algiers, Algeria
Direction des Approvisionnements (Supplies Division)

with effect from the date on which this notice is published fo rthe sum of 400 Algerian Dinars. Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope, by registered mail to the Secretariat de la Direction des Approvisionnements [Secretariat, Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tender, or any heading, and should read: "APPEL D'OFFRES NATIONAL ET INTERNATIONAL No. 9112.AY/DIV — CONFIDENTIEL — A NE PAS OUVRIR" [NATIONAL & INTERNATIONAL CALL FOR TENDERS No. 9112.AY/DIV — CONFIDENTIAL — DO NOT OPEN].

Tenders must be received by Saturday 15 June 1985 at the latest.
Selection will be made within 180 days of the closing date of this Call for Tenders.

Posts and Telecommunications Corporation

Posts and Telecommunications Corporation
ZIMBABWE
Telecommunications Development Project
General Procurement Notice
S.F.D. No. 2

With the authority of the Government of Zimbabwe the Posts and Telecommunications Corporation (PTC) has negotiated with the Saudi Fund for Development for assistance in financing part of its programme for the development of the telecommunications network. Procurement will be subject to the terms and conditions of the Fund's agreement.

Invitations to tender will be issued soon after 27th May 1985 for the following separate items:

Item 1: Copper covered steel wire, nominal diameter 2.64 mm. Quantity 1,200,000 kg.
Item 2: Multi-channed subscriber carrier systems. Quantity 300 systems.
Item 3: Open wire rural carrier systems. Quantity 80 systems.
Item 4: Four channel UHF radio telephone systems. Quantity 80 systems.

Tenders will only be considered from contractors and associates (including transporters) who are not subject to the boycott regulations of the League of Arab States or to the regulations in force in the Kingdom of Saudi Arabia.

Organisations interested in tendering for any of the above items are invited to make application in writing to either of the addresses below, advising which item(s) are required

The name of the manufacturer of the equipment to be offered should be advised, together with the country of manufacture of the equipment and its components.

The Secretary
PTC Purchasing Committee
PO. Box 8061
Causeway
Harare, Zimbabwe
Telex: 4821

The Secretary
PTC Purchasing Committee
Room 612, 6th Floor
Lonrho House
Union Avenue
Harare, Zimbabwe

The closing date for application is 27th May 1985.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF INTERNATIONAL OPEN CALL FOR TENDERS
No. 09093.AY/MF

The National Oil Exploration Company (ENTP) is launching an international open Call for Tenders for the supply of:

Lot 1: DRILL COLLARS
Lot 2: ROTARY TABLE 27½" and 17½"
Lot 3: CENTRIFUGAL MUD PUMPS
CENTRIFUGAL WATER PUMPS
ELECTRIC WATER PUMPS

This call for tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade. Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS (ENTP)
DIRECTION DES APPROVISIONNEMENTS
(SUPPLIES DIVISION). 16 ROUTE DE MEFTAH
OUED-SMAR, EL-HARRACH, ALGIERS, ALGERIA

for the sum of four hundred (400) Algerian Dinars, with effect from the date on which this notice is published.

Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail, to the

SECRETARIAT DE LA DIRECTION DES APPROVISIONNEMENTS

at the above address.

The outer envelope should not bear any mark that might identify the tenderer, or any heading, and should read: "APPEL A LA CONCURRENCE INTERNATIONAL OUVERT NUMERO 09093.AY/MF — CONFIDENTIEL — A NE PAS OUVRIR." (INTERNATIONAL OPEN CALL FOR TENDERS NUMBER 09093.AY/MF — CONFIDENTIAL — DO NOT OPEN).

Tenders must be received 45 days after this notice is published. Tenderers shall be bound b ytheir offer for 180 days from the closing date for submission of the tenders.

WANDSWORTH BOROUGH COUNCIL

Installation of central heating and hot water systems at Putney

Contractors wishing to be considered for selection to tender for the installation of individual gas fired boilers serving radiators and domestic hot water, together with associated builders' and electrical work, to approximately 200 occupied dwellings at Ashburton Estate, London, SW15 should submit names to the Director of Administration, Room 111, The Town Hall, Wandsworth High Street, London, SW18 2PU by 8th May 1985.

Applicants must submit details of labour, technical and supervisory staff available, together with the names and addresses of two technical and two financial referees, unless this information has already been provided for a similar contract within the last twelve months.

It is anticipated that specifications and drawings will be issued in June 1985 and that the contract will commence in August 1985.

The engineering design services for this scheme will be provided by R. Child, R.I.B.A., Borough Architect, The Town Hall, Wandsworth High Street, London, SW18 2PU.

G. K. JONES, Director of Administration

DEVELOPMENT PROJECTS

Developers are invited to participate in the development of 2 utility buildings in Malaysia with shopping/office/hotel facilities. Average project cost is MYR40 million with 450.000 sq. ft. built-up area. Interested developers/entrepreneurs with adequate financial resources are invited to apply for forms and brief details from:

MAJUKONSULT SDN. BHD.,
P.O. BOX 1313,
KOTA KINABALU, SABAH, EAST MALAYSIA.

On payment of Sterling £100.00 in the form of a valid bank draft made payable to MAJUKONSULT SDN. BHD., upon receipt of which relevant documents will be despatched.

CLOSING DATE IS 15TH MAY 1985.

Company Notices

NESTLÉ S.A.,
Cham and Vevey (Switzerland)

UNILAC, INC.,
Panama

The shareholders are hereby convened to the 118TH ORDINARY GENERAL MEETING of NESTLÉ S.A.
and
to a SPECIAL MEETING OF THE COMMON SHAREHOLDERS of UNILAC, INC.
to be held on Thursday, May 23, 1985 at 3.00 p.m.
at the "Palais de Beaulieu"
LAUSANNE (SWITZERLAND)

AGENDA

Ordinary General Meeting of Nestlé S.A.

1. Approval of the 1984 Accounts and of the Directors' Report.
2. Discharge of the Board of Directors and of the Management.
3. Decision regarding the appropriation of the net profit.
4. Elections in accordance with the Articles of Association.

Special Meeting of the common Shareholders of Unilac, Inc.

Authorization for the repayment by the Company of its common shares at US$ 12.- per share. (For more information please see the Annual Report).

The owners of bearer shares of Nestlé S.A. (and of the corresponding twin shares of Unilac, Inc.) may obtain their admission cards for these Meetings (with a proxy) at the Share Control Office of Nestlé S.A. at Cham up to Monday, May 20, 1985 at noon, at the latest. The cards will be delivered against the statement of a bank that the shares have been deposited with them or upon deposit of the shares at the offices of Nestlé S.A. where they will remain blocked until the day after these Meetings.

The Nestlé Annual Report 1984 with the Directors' Report of Nestlé S.A. (including the Balance Sheet and the Profit and Loss Account with comments, the Auditors' Report and the proposals for the appropriation of profits) and the Directors' Report of Unilac, Inc. is available to the holders of bearer shares as from May 1, 1985 at the Registered Offices of Nestlé S.A. at Cham and Vevey and at the Offices of the paying Agents of Nestlé S.A. and Unilac, Inc.

The holders of registered shares of Nestlé S.A. (and of the corresponding twin shares of Unilac, Inc.) whose names are entered in the Share Register of Nestlé S.A. will, within the next few days, receive at their latest address communicated to Nestlé S.A., an envelope containing the Notice for these Meetings, together with a form including an application for obtaining the admission card for such Meetings as well as a proxy. On the other hand, the above-mentioned Report will be dispatched a few days later.

The shareholders are requested to address any correspondence concerning these Meetings to the Share Control Office of Nestlé S.A. at Cham (Switzerland).

NESTLÉ S.A. UNILAC, INC.
The Boards of Directors

Cham and Vevey/Panama, 29th April 1985

FLEMING JAPAN FUND

Société d'Investissement à Capital Variable
Luxembourg, 43, Boulevard Royal
R.C. Luxembourg B 8.392

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the company will be held at the offices of KREDIETBANK S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg, on the 6th of May, 1985 at 3.00 p.m. with the following agenda:

Agenda

1. Submission of the reports of the Board of Directors and of the Statutory Auditors.
2. Approval of the financial statements for the year ended December 31st, 1984.
3. Ratification of the co-option of a Director.
4. Discharge of the Directors and of the Statutory Auditors in respect of their duties carried out for the year ended December 31st, 1984.
5. Receipt of and action on nomination for election of Directors and the Statutory Auditors for a new statutory term.
6. Directors' remuneration.
7. Miscellaneous business as may properly come before the Meeting.

A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company.

By order of the Board of Directors

PUTNAM EMERGING HEALTH SCIENCES TRUST S.A.

Société Anonyme d'Investissement
Luxembourg, 43 boulevard Royal
R.C. Luxembourg B 20958

Dividend Notice

A dividend of $US 0.10 per share has been declared payable as from April 23rd, 1985 to shares outstanding as at April 11th 1985, against remittance of coupon n° 1, at the offices of Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg.

By order of the Board
Administrative Manager

GENSTAR CORPORATION

NOTICE OF REDEMPTION
TO THE HOLDERS OF 14¾% DEBENTURES DUE APRIL 15, 1991

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Trust Deed of Hypothec, Mortgage and Pledge and a Deed of Trust and Mortgage (the "Principal Trust Deed"), both bearing formal date of June 1 1975, as supplemented by deeds supplemented thereto including, among others, a Supplemental Trust Deed bearing formal date of April 15 1981 (all hereinafter collectively called the "Trust Deed") between Genstar Corporation (hereinafter called the "Company") and Montreal Trust Company (hereinafter called the "Trustee"), as Trustee, providing for the creation and issue of Debentures of the Company, THAT all of the outstanding 14¾% Debentures due April 15, 1991 of the Company have been called for redemption by the Company on May 31, 1985 and will be redeemed by the Company on May 31, 1985 by payment, in lawful money of the United States of America, of the redemption price of one hundred and one and one-half of one per cent (101½%) of the principal amount of such Debentures, together with all interest accrued and unpaid on the principal amount of the Debentures so redeemed from and including April 15, 1985 up to but excluding May 31, 1985, upon presentation and surrender of the said Debentures accompanied by all interest coupons appertaining thereto which mature after April 15, 1985, at any of the following places, namely: the principal office of the Royal Bank of Canada, Royal Bank Plaza, Toronto, Ontario, Canada, or of Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, United States of America, or, at the option of the holder, at The Royal Bank of Canada, 6 Lothbury, London, England, or at Banque Générale du Luxembourg, 14 rue Aldringen, Luxembourg, or at Morgan Guaranty Trust Company of New York, Avenue des Arts 35, B-1040 Bruxelles, Belgium, or at Société Générale, 29 boulevard Haussman, 75009 Paris, France. If such Debentures are presented for payment without all interest coupons appertaining thereto which mature after April 15, 1985, the amount of the missing unmatured coupons will be deducted from the redemption monies due for payment.

NOTICE IS ALSO HEREBY GIVEN that, in accordance with the terms of the Trust Deed, all interest on the Debentures so called for redemption shall cease to accrue on and after the 31st day of May 1985.

Dated at Vancouver, British Columbia, Canada,
this 22nd day of April 1985
GENSTAR CORPORATION
Henri P. Lafleur
Assistant Secretary

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND CONSIGNERS
FREIGHT RATES TO CANADA

The member lines of the above conference operating services from ports in the United Kingdom, Northern Ireland and the Republic of Ireland to Canadian Maritime, St. Lawrence River and Great Lakes Ports wish to refer to the previous Press announcement regarding an upward adjustment in freight rates due to take place on 1st July 1985 and would advise that, after further consideration the level of increase has been adjusted and now will be as follows:

SECTION 1.
Service 1 Rates:
Per 20ft Container:
Rates up to $2,000 per container—to be increased by $225.00.
Rates over $2,000 and up to and including $2,500 per container—to be increased by $112.50.
Rates over $2,500 per container—No increase.
Per 35ft/40ft Containers:
Rates up to $3,000 per container—To be increased by $375.00.
Rates over $3,000 and up to and including $4,000 per container—To be increased by $187.50.
Rates over $4,000 per container—No increase.
Service 2 Rates:
Existing differential over Service 1 rates to be maintained.
Service 3 Rates:
Where Service 1 rate levels are being increased by $225 per 20ft and $375 per 35/40ft container the equivalent service 3 rate to be increased by 15 per cent.
Where Service 1 rate levels are being increased by $112.50 per 20ft and $187.50 per 35/40ft container the equivalent Service 3 rate to be increased by 7.5 per cent.
Where Service 1 rate levels are not subject to increase the equivalent Service 3 rate no increase.
Where the tariff only provides a Service 3 rate level for a commodity the rate to be subject to 7.5 per cent increase.
Tanker Container Rates to be increased by $225 per tank container. Heated tanks to be subject to an electrical surcharge of $300 per tank.
Temperature Controlled Containers to be increased by $375 per temperature controlled container with a minimum rate of $4,000.
SECTION 2 RATES.
To be increased by a similar amount as the Section 1 rate for the same commodity.

ATLANTIC CONTAINER LINE G.I.E.
CANADA MARITIME
CAST (1983) LTD.
HAPAG-LLOYD AG.
ML. CONTAINERLINE LTD.
SEA-LAND SERVICE INC.
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries

Cunard Building,
Liverpool L3 1DS.
April, 1985.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR

Incorporated in France with limited liability Capital: 660 Million
Head Office: 21 Bd Haussmann
F-75009 PARIS
R.C.S. Paris B 552 067 936

FF 100 000 Bonds 10% 1975-1985
French alphanumeric code: 809801

The bearers of FF 100 000 Bonds 1975-1985 of the abovesaid company, are hereby informed of call for redemption at the price of FF 100 000 on contractual date June 16, 1985, for all outstanding bonds which were not redeemed in regard with previous drawings.

US$300,000,000
CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes due 2000

Notice is hereby given that the first interest period chosen by Caisse Nationale des Telecommunications is one month, beginning May 7th 1985.

The Fiscal Agent
BANQUE NATIONALE DE PARIS (LUXEMBOURG) SA

SOLEX P.L.C.

NOTICE IS HEREBY GIVEN that subject to approval in General Meeting a Dividend of 4.3p per share tax imputed will be payable on 8th May, 1985, in respect of the year 1984, to shareholders of "A" Restricted Voting and "B" shares registered at 4.00 p.m. on 10th April, 1985.

Coupons numbered 62 relative to "A" share warrants to bearer will be paid at the offices of the Company's Registrars, Ravensbourne Registration Services Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, on or after 8th May, 1985.

By order of the Board
J. R. RICHARDS, FCMA, FCCA
Director and Secretary

77 Capitol Park,
Capitol Way,
London NW9 0EW.
May 1985.

SAINT GOBAIN

Ecu 125,000,000 Loan at variable interest rate and no fixed redemption date

Bondholders are hereby informed that the rate applicable for the first interest period has been fixed at 9 15/16%.

Coupon No. 1 will be payable as from 24th October 1985 at price of Ecu 252.58 equivalent to an interest of 9 15/16% calculated on the basis of 183/360ths covering the period from 24th April 1985 to 23rd October 1985 inclusive.

Fiscal Agent & Reference Agent
CREDIT LYONNAIS LUXEMBOURG

CYDSA, S.A.

FLOATING RATE NOTES DUE 1988-1991

NOTICE IS HEREBY GIVEN that for the Interest Period commencing April 30, 1985 the Notes will bear Interest at the rate of 10⅛% per annum. The interest payable on May 9, 1985 against Coupon No. 2 will be U.S.$25.31 per U.S.$10,000 Note.

Agent Bank
ORION ROYAL BANK LTD.
Director

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 01-734 0557.

Republic of Indonesia

U.S. $75,000,000
Floating Rate Notes Due 1990

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 29th April, 1985 to 29th October, 1985 has been fixed at 9 3/16 per cent. per annum and that the coupon amount payable on Coupon No. 6 will be U.S.$4670.31.

Agent Bank

البنك السعودي العالمي المحدود
Saudi International Bank
AL-BANK AL-SAUDI AL-ALAMI LIMITED

Elders N.V.

U.S.$160,000,000
11⅛ per cent.
Guaranteed Convertible Bonds due 1994

unconditionally guaranteed by, with non-detachable conversion bonds issued by, and with conversion rights into Ordinary Shares of

Elders IXL Limited

Adjustment of Conversion Price

NOTICE is hereby given that following a bonus issue of Ordinary Shares made by Elders IXL Limited at the rate of one share for every two shares held the Conversion Price of the above Conversion Bonds has, in accordance with the Trust Deed dated 28th June, 1984, been adjusted from Australian dollars 4.78 to Australian dollars 3.18 with effect from 8th December, 1984.

April, 1985

Swiss Bank Corporation
Principal Paying Agent

FINANCIAL TIMES

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Closing prices, April 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.9	13	195	16⅞	16¾	16⅝	+¼
19½	9⅞	AGS			12	24	13¾	13½	13⅝	+⅛
18⅛	9⅝	AMCA				21	10¾	10½	10¾	+½
21½	13½	AMF	.50	2.5	57	1657	20⅜	19¾	20	−½
43¼	24¼	AMR			9	4746	41⅝	40⅝	40¾	−⅞
21¼	18⅝	AMR pf	2.18	10.		14	u21⅜	21¼	21¼	+⅛
23	19	ANR pf	2.12	10.		223	20⅜	20⅜	20⅜	+⅜
14¼	8¼	APL			35	48	8¼	d	8⅛	8⅛
66⅞	44⅜	ASA	2	3.8		160	53	52⅞	52½	−¼
27	14⅜	AVX	.32	2.1	12	166	15⅛	15	15⅛	
54	36¾	AbtLab	1.40	2.8	15	782	51¼	50⅝	50¾	−½
25⅞	17	AccoWd	.44	1.9	18	114	23⅜	23	23¼	+¼
22	12½	AcmeC	.40	2.8		25	14⅞	14½	14½	
10½	8¼	AcmeE	.32b	3.6	11	1	9	9	9	
17⅜	15	AdaEx	2.11e	13.		52	16⅞	16⅝	16⅝	−⅛
20	11⅞	AdmMl	.32	2.2	6	175	15½	14¼	14⅜	−1
18½	8⅝	AdvSys	.53t	5.9	15	410	9⅛	8¾	9	−⅜
41⅛	25⅛	AMD			13	4229	29½	28⅝	29	−½
12¾	6⅞	Advest	.12	1.4		31	8⅞	8¾	8⅞	
14⅝	8¾	Aeflex			11	43	12⅜	12⅛	12⅛	−⅛
43⅛	27¼	AetnLf	2.64	6.1	42	9023	u43⅝	42⅞	43⅜	+¼
58¾	52⅜	AetL pf	5.83e	10.		55	55¾	55⅜	55⅝	−⅛
35	15¾	Ahmns	1.20	3.6	14	141	34	33½	33⅝	−½
4⅛	2½	Aileen			21	12	2¾	2¾	2¾	
51	38⅝	AirPrd	1.20	2.5	11	374	48⅞	48⅝	48⅞	
24⅜	13	AirbFrt	.60	3.3	10	77	18¼	18	18⅛	+¼
2	1	AlMoa s			23	103	1⅝	1⅝	1⅝	
32	26¾	AlaP pfA	3.92	12.		6	u32¼	32	32¼	+½
7½	6	AlaP dpf	.87	12.		54	7½	7⅜	7⅜	−⅛
102½	85¼	AlaP pf	11	11.		250	102½	102½	102½	
14	11	Alagsc	1.04	7.4	8	56	14	14	14	

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, April 26

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
47½	33¼	Xerox	3	6.4	18	1843	47⅞	46¾	46¾	−⅝
52¼	45¼	Xerox pf5.45		10.		2	52	52	52	+⅛
30	24	ZaleCp 1.32		4.9	8	34	27¼	27	27	
24⅞	13⅜	Zapata .84		5.7	17	477	14⅞	14⅝	14¾	
61⅜	30⅝	Zayre .40b		.7	15	332	u62¼	60¾	60¾	−⅝
31¼	18⅛	ZenithE			8	1292	20⅝	19⅞	20	−⅜
21⅞	14⅝	Zero s			17	30	18½	18¼	18½	+¼
31⅜	21⅞	Zurnin 1.32		4.5	11	46	29⅞	29½	29½	−⅜

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Nasdaq national market, closing prices, April 26

Continued on Page 35

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

CANADA

TORONTO

Closing prices April 26

MONTREAL

Closing prices April 26

DENMARK

1985 High	Low	Apr. 26	Price Knr. %
312	257	Andelsbanken	298
645	520	Baltic Skand	550
335	259	CopHandelsbank	328
575	460	D. Sukkerfab	650
322	260	Danske Bank	317
1,260	1,085	De Danske Luft	1,195
226	129	East Asiatic	214
1,000	770	Forenede Brygg.	990
144	86	Forenede Damp.	132
443	352	GNT Hldg	425
530	340	I.S.S.B.	530
655	464	Jyske Bank	645
1,895	1,315	Novo Ind.	1,475
292	223	Privatbanken	283
357	280	Provinsbanken	340
256	217	Smidth (F)	248
1,150	880	Sophus Berend	1,070
487	395	Superfos	445

FRANCE

1985 High	Low	Apr. 26	Price Frs.
1,775	1,590	Emprunt 4½% 1973	1,759
8,829.9	7,355	Emprunt 7% 1973	8,205
290	236.2	Accor	276
652	546	Air Liquide	615
605	498	BIC	519
1,940	1,601	Bongrain	1,870
759	602	Bouygues	694
2,539	2,250	BSN Gervais	2,460
1,388	1,225	CIT Alcatel	1,330

AUSTRALIA

1985 High	Low	April 26	Price Aust. $
5.93	4.33	ANZ Group	4.72
1.10	1.05	Alliance Oil Dev.	1.07
2.11	1.75	Ampol Pet.	1.85
1.06	0.75	Ashton	0.92
2.15	1.88	Aust. Cons. Ind.	2.1
3.4	2.35	Aust Guarantee	2.4
3.0	2.42	Aust. Nat. Inds.	2.75
2.70	2.2	APM	2.65
7.1	4.7	Bell Group	7.0
7.5	4.25	Bell Res.	7.4
1.6	1.18	Bond Corp Hldgs	1.6
3.48	3.16	Boral	3.25
2.49	1.61	Bougainville	2.34
3.93	3.48	Brambles Ind	3.78
2.65	2.05	Bridge Oil	2.6
6.0	4.34	B.H. Prop.	6xa
7.4	4.28	CRA	6.76
3.18	2.68	CSR	3.02
5.04	4.28	Castlemaine Tys	5.02
4.18	3.70	Coles (G.J.)	3.8
2.88	2.00	Comalco "A"	2.45
0.42	0.42	Consolidated Pet	0.43
1.75	1.25	Costain Aust.	1.75
2.35	1.86	Dunlop Olympic.	2.15
3.53	3.02	Elders IXL	3.14
1.80	1.30	Energy Res	1.42
2.3	2.09	Gen. Prop. Trust	2.28
3.25	2.9	Hardie (James)	3.17
3.2	2.12	Hartogen Energy	3.2
4.45	3.4	Herald W'y Times	4.45
2.22	1.86	ICI Aust	2.02
0.37	0.22	Jimberlana F.P.	0.37
0.19	0.1	Kiaora Gold	0.17
6.40	5.1	Lend Lease	6.4
3.42	2.23	MIM	3.3
3.36	2.82	Mayne Nickless	3.32
2.01	1.65	Myer Emporium	1.78
3.8	3.40	Nat. Aust. Bank	3.8
7.46	5.25	News	7.46xc
2.1	1.29	Nicholas Kiwi	1.85
2.82	1.90	North Bkn Hill	2.78
1.02	0.63	Oakbridge	0.98
1.78	0.90	Pancont'l	1.76
1.87	1.56	Pioneer Conc	1.85
4.75	2.56	Poseidon	4.5
1.65	1.07	Queensland Coal	1.54
3.55	3.0	Reckitt & Coln.	3.38
1.29	1.08	Repco	1.22
6.44	5.04	Santos	6.3
4.65	3.35	Smith (Howard)	4.55
2.1	1.71	Thos. Nat'wide	1.95
5.9	5.6	Tooth	5.6
4.48	3.05	Vamgas	4.45
4.85	2.62	Western Mining	4.42
3.8	3.35	Westpac Bank	3.8
1.60	0.77	Woodside Petrol.	1.59
3.47	2.55	Woolworths	3.05
3.79	3.12	Wormald Intl.	3.55

SWEDEN

1985 High	Low	April 26	Price Kroner
420	360	AGA	420

JAPAN

1985 High	Low	Apr. 23	Price Yen
1,190	1,040	Ajinomoto	1,080
2,097	1,719	Alps Electric	1,860
1,134	927	Amada	1,120
938	621	Asahi Chem.	883
928	850	Asahi Glass	890
550	500	Bridgestone	526
1,480	1,180	Canon	1,280
2,060	1,570	Casio Comp.	1,700
1,250	1,000	Chugai Pharm.	1,030
596	507	Citizen	533
665	605	Daiei	620
1,070	925	Dai Nippon Ptg	1,000
590	532	Daiwa House	567
494	329	Ebara	439
2,002	1,183	Eisai	1,400
9,200	7,190	Fanuc	9200xr
1,680	1,290	Fuji Bank	1,500
1,950	1,550	Fuji Film	1,770
1,320	985	Fujisawa	998
1,260	1,060	Fujitsu	1,190
3,940	1,600	Green Cross	2,980
393	352	Hasegawa	393
928	577	Heiwa Real Est.	780
893	790	Hitachi	815
1,210	1,050	Hitachi Credit	1,100
1,550	1,210	Honda	1,390
720	680	House Food	700
2,460	2,060	Hoya	2,170
380	323	Itoh (C)	351
2,790	2,270	Ito-Yokado	2,660
1,480	961	Iwatsu	1,010
353	315	JACCS	315
6,500	4,860	JAL	5,850
755	660	Jusco	735
308	269	Kajima	308
824	724	Kao Soap	790
650	586	Kashiyama	650
633	545	Kirin	633
987	870	Kokuyo	900
479	433	Komatsu	440
748	601	Konishiroku	676
350	318	Kubota	337

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

NORWAY

ITALY

NETHERLANDS

SPAIN

SINGAPORE

SWITZERLAND

HONG KONG

SOUTH AFRICA

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 34

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Indices

NEW YORK — DOW JONES

	Apr. 26	April 25	Apr. 24	Apr. 23	Apr. 22	1985 High	1985 Low	Since Compilt High	Since Compilt Low
◆Industri'ls	1275.18	1284.78	1278.48	1278.71	1266.58	1299.36 (1/3)	1184.96 (4/1)	1299.36 (1/3/85)	41.22 (2/7/32)
H'me Bnds	75.09	75.02	75.41	75.26	75.15	75.41 (24/4)	72.27 (28/3)	—	—
Transport...	586.25	592.89	586.25	586.56	582.48	635.30 (1/5)	553.03 (4/1)	635.30 (1/5/85)	12.32 (8/7/32)
Utilities.....	154.75	154.86	155.26	155.83	154.90	156.34 (15/4)	146.54 (4/1)	163.72 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	86,570	108,680	98,600	108,920	79 930	—	—	—	—

◆Day's High 1290.30 (1289.20) low 1270.54 (1272.53)

	Apr. 19	Apr. 12	Mar. 29	year ago (approx)
Industrial div. yield %	4.82	4.82	4.82	4.77

STANDARD AND POORS

	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 22	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
Indust'ls ...	202.35	203.67	202.67	202.42	201.16	205.15 (1/5)	182.24 (4/1)	205.15 (1/5/85)	3.62 (30/6/32)
Comp's'te	182.18	183.43	182.26	181.88	180.70	183.45 (25/4)	163.68 (4/1)	183.45 (25/4/85)	4.40 (1/6/32)

	Apr. 17	Apr. 10	Mar. 27	year ago (approx)
Industrial div. yield	3.85	3.89	3.88	4.00
Industrial P/E ratio	11.27	11.13	11.14	12.10
Long Gov. Bond yield	11.38	11.53	11.77	12.66

N.Y.S.E. ALL COMMON

Apr. 26	Apr. 25	Apr. 24	Apr. 23	1985 High	1985 Low
105.52	106.15	105.60	105.43	106.15 (25/4)	94.60 (4/1)

Rises and Falls	Apr. 26	Apr. 25	April 24
Issues Traded...	1,936	1,966	1,984
Rises...	623	891	783
Falls...	829	592	744
Unchanged...	484	483	457
New Highs...	—	144	135
New Lows...	—	9	13

TORONTO

	Apr. 26	Apr. 25	Apr. 24	Apr. 23	1985 High	1985 Low
Metals & Minerals	(u)	2040.9	2028.4	2022.6	2160.07 (15/2)	1896.0 (4/1)
Composite	2657.7	2662.5	2648.0	2636.5	2662.5 (25/4)	2348.5 (8/1)
MONTREAL Portfolio	131.12	131.65	130.74	130.45	132.77 (5/3)	117.00 (4/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Uncal	3,660,700	46	− 1/8	Texaco	880,400	39 3/8	− 1/2
Williams	1,078,800	27 3/4	− 2 3/8	Travelers	855,100	44	− 1/4
Gen Motors	985,000	68 1/2	− 2 1/8	Mobil	849,300	30 3/8	− 1/8
Ford Motor	912,900	42 3/4	− 1 1/2	East Air	848,800	8 1/4	+ 1/8
Aetna Life	902,500	42 7/8	− 1/4	Crown-Zeller	846,500	41	− 2 3/8

	Apr. 26	Apr. 25	Apr. 24	Apr. 23	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	874.1	(c)	871.4	860.0	874.1 (26/4)	715.5 (7/1)
Metals & Minls. (1/1/80)	575.7	(c)	578.2	585.8	576.2 (24/4)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	79.05	79.49	79.76	79.59	79.76 (24/4)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2220.67	2227.72	2235.86	2253.28	2510.05 (15/3)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	192.15	192.15	192.70	192.44	192.70 (24/4)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	215.6	214.6	215.8	215.0	220.0 (12/4)	180.9 (3/1)
Ind Tendance (28/12/84)	117.5	118.8	116.8	115.9	120.6 (12/4)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	426.05	426.47	426.03	424.85	426.47 (25/4)	382.89 (3/1)
Commerzbank (1/12/53)	1255.7	1235.6	1232.7	1250.4	1255.7 (26/4)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1506.43	1510.77	1517.30	1511.65	1521.30 (18/4)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	276.76	(c)	274.93	275.14	288.71 (20/2)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12405.10	12383.9	12217.6	12124.1	12685.3 (3/4)	11545.2 (5/1)
Tokyo SE New (4/1/68)	967.95	961.86	955.27	951.08	1006.96 (22/3)	916.83 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	211.0	208.5	208.1	206.4	211.0 (26/4)	185.6 (3/1)
ANP-CBS Indust (1970)	169.4	168.6	166.1	160.4	169.4 (26/4)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	324.26	321.15	321.25	316.26	345.6 (8/2)	280.16 (2/1)
SINGAPORE						
Straits Times (1966)	798.65	789.15	786.06	795.04	862.65 (7/3)	764.80 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1076.4	1071.5	1087.6	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	—	896.2	893.8	895.6	896.7 (22/4)	797.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	108.73	109.05	109.49	110.02	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1449.45	1446.55	1448.85	1435.55	1486.98 (11/2)	1361.60 (2/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	423.9	422.5	420.7	418.0	430.9 (15/3)	388.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	203.7	203.0	203.7	204.6 (15/4)	184.6 (4/1)

**Saturday April 27. Japan Nikkei-Dow 12,465.92. TSE 960.86

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡400 Industrials plus 40 Utilities, 40 Financials and 20 Transport. c Closed. u Unavailable.

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

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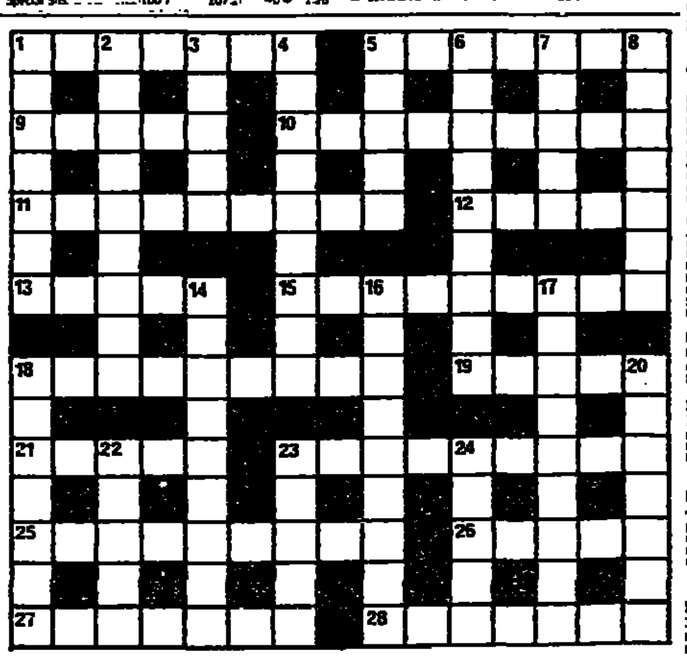

ACROSS

1 A mole, say, making regular entries? (7)
5 Flirt so wantonly, like Eliza? (7)
9 Dealt competently with notes by bobby (5)
10 Team's late turning out—unsatisfactory draw results (9)
11 Preserve from harm the sick of Paris (9)
12 One who settles, always in outskirts of Poplar (5)
13 Ordinary people of 7 (5)
15 Space for army manoeuvres? (5-4)
18 Groves, perhaps, for running a strike to earth (9)
19 Page carrying odd number (5)
21 Thing this long piece of leather? (5)
23 It can make one ring at Lloyd's (9)
25 Flat trap meant to go off (9)
26 Auntie not the first to let Granny loose (5)
27 One getting up can put one's foot in it (7)
28 Tyres with spokes? (7)

DOWN

1 What is the point of medical treatment? (7)
2 A penny-piece to divide fairly (9)
3 At home, help coming up for this crown-jewel (5)
4 Will mate's tent collapse? (9)
5 What is the potter's game? (5)
6 Bowling might bring about submission (9)
7 TV authority extremely lively in the country (5)
8 Hard to prove, the more complex it is (7)
14 One to play with, er — toy guns? (9)
16 I plead for stockade to put round street (9)
17 Strings together carrots he cooked (9)
18 Weapon to wound girl (7)
20 Yonkers out of place in these islands (7)
22 This bright creature approved a religious following (5)
23 Costly overcharge (5)
24 Lesion closely wrapped (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co

Sel Sec A	26.7	28.2	-0.7	—
Managed	20.8	21.9	+0.4	—
Equity	16.6	17.5	-0.1	—
Blue Chip	22.6	23.8	-0.4	—
Special Sits	24.7	26.1	+0.3	—
International	27.6	29.1	+0.7	—
American	21.5	22.7	+0.7	—
Pacific	20.8	21.9	+0.8	—
Property	17.4	18.4	+0.2	—
Fixed Yield	20.2	21.3	+0.3	—
Index Linked Secs	11.2	11.8		—
Int Currency	13.6	14.4	+0.3	—
Deposit	16.1	17.0		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	15.10	15.86		—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262524

Multi Gwth April 6		£318.819		—
Multi Gwth "X" Apr 6	285.0	300.0		—
Op 8 Prop April 25	265.0	279.0		—
Op 8 Equity April 26	395.4	416.3	+0.7	—
Op 8 Hy April 25	270.9	285.5		—
Op 8 Man April 25	358.6	377.5		—
Op 8 Dep April 26	208.3	219.3		—
Op 8 Bond April 25	179.4	188.9		13.12
Op 8 Inc Dist April 25	148.9	156.8		8.29
Op 8 Int Man April 18	202.6	213.3		—
Op 8 US$ April 18	144.6	152.1		—
Pens B Pr Ac Apr 15	356.3	374.1		—
Pens B Eq Ac April 15	1,152.7	1,213.9		—
Pens B FI Ac April 15	399.0	421.0		—
Pens B Md Act Apr 15	645.4	679.4		—
Pens B Dp Acc Apr 15	331.6	349.1		—
PensBGart Globe Apr 15	113.0	119.0		—
Pens B Gart NA Apr 15	98.1	103.3		—
PensBGartP Apr 15	116.1	122.3		—

For Pensions Capital Units please ring ext 2396 or 2361.

Britannia Funds—Series A

Am Smlr Co's	135.1	142.3	+3.0	—
Am Spec Sits	154.6	162.8	+2.7	—
Commodity	84.9	89.4	+1.3	—
Extra Inc	117.4	123.6		—
Far East	108.1	113.8	+2.1	—
FI Secs	156.1	164.4	-0.4	—

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

Managed	204.8	215.6	+0.3	—
UK Equity	238.1	250.7	-0.1	—
Overseas Eq.	202.6	213.3	+2.3	—
American	204.5	215.3	+2.9	—
Far East	172.3	181.4	+1.8	—
Property	114.0	120.1		—
Fixed Int	163.9	172.6	-0.2	—
Indexed Gilt	106.5	112.2		—
Deposit	116.2	122.4		—

Pension Fund Prices

Man. Initial	206.5	217.4	+0.5	—
Man Acc	232.1	244.4	+0.5	—
UK Eq. Initial	225.3	237.2		—
UK Eq.	249.6	262.8		—
Overseas Eq. Initial	225.6	237.5	+2.6	—
Overseas Eq.	262.0	275.8	+3.0	—
American Initial	230.1	242.3	+4.4	—
American	256.2	269.4	+4.9	—
Far East Initial	215.2	226.6	+3.2	—
Far East	240.2	252.9	+3.6	—
Prop. Initial	109.6	115.4		—
Prop.	121.9	128.4		—
Fixed Int. Initial	148.3	156.2	-0.1	—
Fixed Int.	164.4	173.1	-0.2	—
Indexed Gilt Initial	99.5	104.8		—
Indexed Gilt	110.7	116.6		—
Deposit Initial	115.4	121.5		—
Deposit	129.0	135.8	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	568.4	593.0		—

Prices April 1. Next dealing May 1.

New Zealand Insurance PLC
310/314, Baxter Avenue, Southend. (0702) 348555

Kiwi Key (Managed)	370.4	390.1		—
UK Equity	176.7	186.0	+0.7	—
American	256.2	269.7	+2.9	—
Pacific	373.2	392.8	+6.5	—
Property	156.3	164.6		—
Gilt	179.6	189.0	+0.3	—
High Inc. Equity	163.4	172.0	-0.1	—
High Inc. Fxd. Int	105.1	110.6	-0.8	—
Deposit	152.1	160.2	+0.1	—
Index-Linked Gilt	105.6	111.2		—

Norwich Union Insurance Group

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
15Jan	15Jul	Treas 11¾pc 1985	99¾	10.12	11.53	12.58
3 Mar	3 Sep	Treas 8¼pcCnv '85	98⅛	25.1	8.87	12.41
22 May	22 Nov	Exch 12¼pc 1985	100xd	15.4	12.25	12.26
25 Aug	25 Feb	Exch 11¼pc '86	99⅝	21.1	11.76	11.82
11Oct	11Apr	Treas. 10pcCnv 1986	98	5.3	10.15	11.61
19 Nov	19 May	Treas 3pc 1986	93	15.10	3.21	9.58
19 Nov	19 May	Exch 10½pc Cv '86	99	15.10	10.61	11.57
12Dec	12Jun	Treas 12pc 1986	100	5.11	11.95	11.53
10 Jan	10 Jul	Treas 8¾pc 1984-86‡‡	96½	4.12	8.80	11.57
29 Apr	29 Oct	Exch. 14pc 1986	103¼xd	25.3	13.58	11.66
21 May	21 Nov	Exch. 2½pc 1986	91½xd	15.4	2.74	8.51
22Jul	22Jan	Exch 13¼pc 1987	102	17.12	12.93	11.52
10 Aug	10 Feb	Treas 10½pcCv '87	98	4.1	10.46	11.48
24Aug	24Feb	Exch 2½pc 1987	89½	18.1	2.80	8.92
6Oct	6Apr	Exch. 10½pc 1987	98	1.3	10.68	11.48
1 Nov	1 May	Funding 6½pc '85-87‡‡	92¼xd	25.3	7.05	10.91
12Dec	12Jun	Treas. 10pc 1987	97	5.11	10.29	11.51
14Jan	14Jly	Treas 3pc 1987	87½	10.12	3.43	9.39

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

Dividends Paid	Stock	Price £	Last xd	Div Gross	C'vr	Y'ld Gr's
F My Au N	Amer Medical Int $1	19⅛	31.12	60c	–	2.4
May Au No Fb	Amer. Nat. Res. $1	52	10.10	h$1.41	–	2.1
Ap Jy Oc Ja	American T. & T. $1	17¼	27.3	$1.20	–	5.3
My Au N F	Ameritech $1	70	–	$6.00	–	6.7
Mar Jn S D	Amfach	21¼	16.11	$1.44	–	5.2
–	♦AndTech	46	–	–	–	–
Fb My Au N	Bankamerica $1	17	8.2	$1.52	–	6.9
Ap Jy Oc Jan	Bankers N.Y. $10	55¼xd	28.12	$2.70	–	3.8
Ja Ap Jy Oct	BASIX Corp	978p	18.3	12c	–	–
My Au N Fb	Bell Atlantic $1	72	27.3	$6.80	–	7.3
Fb My Au N	Bellsouth $1	31	26.3	$2.60	–	6.5
Mar Jun S D	♦Beth Steel $8	14	4.11	40c	–	2.2
Oc Ja Ap Jy	Bowater Inc	18¼	–	72c	–	3.0
Ja Ap Jly O	Brown'g-Fer. 16⅔c	36	17.12	$1.08	–	2.3
F My Au N	Brunswick Corpn.‖	27¼xd	22.4	$1.00	–	2.9
–	♦Business Computer	402p	–	–	–	–
Jan Ap Jly O	CPC Intnl. 25c	34⅞xd	25.6	$2.20	–	5.0
Mr Ju Se De	CSX Corp U.S.$1.00	19	23.11	$1.04	–	4.1
Mar. June S.D	CalFed Inc $1.00	15¼	11.2	32c	–	1.6
Oc Ja Ap Jy	Campbell Soup 60c	56	3.4	$2.50	–	3.5
F My Au N	Caterpillar Tractor‖	27¼xd	17.4	50c	–	1.4
–	Cenergy Corp. 25c	770p	–	1c	–	0.1
Fb My Ag Nv	Chase M'htn $12.5	45xd	25.4	$3.80	–	6.6
Ap Jy Oc Ja	Chemical New York	33	12.3	$2.36	–	5.5
Mar Jun S D	Chesebrough-Pond's $1	28	27.2	$1.92	–	5.3
Mar Jun S D	Chrysler $6¼	30	12.3	$1.00	–	2.6
My Au N F	Citicorp $4	38	26.3	$2.26	–	4.6
F My Au N	Colgate-P. $1	21¼xd	22.4	$1.28	–	4.8
Mr Ju Se De	Colt Inds. $1	48¼	12.3	$2.50	–	4.1
F May Au N	Cont. Illinois Hldgs $1	69p	27.3	–	–	–
–	♦Corporate Data Scnce.	227p	–	–	–	–
Apr Jly O Ja	Crown Zell. $5	36	6.3	$1.00	–	2.2
–	Cullinet Sftwr $0.1	22	–	–	–	–
–	Damson Oil 40c	333p	–	–	–	–
Mar Jun S D	Data Corp. $1	23	22.11	$1.28	–	4.3
–	Data General	32	–	–	–	–
–	♦Derma-Lock Medic	36p	–	–	–	–
–	Dun & Bradstreet $1	62	14.2	$1.88	–	2.3
F My Au N	Eaton Corpn. 50c	44xd	30.1	$1.20	–	2.1

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Dec	July	Young Brew 'A' 50p	205	26.11	15.5	2.0	3.8	18.3
Dec	July	Do. Non. V. 50p	135	26.11	15.5	2.0	5.8	12.1

BUILDING, TIMBER, ROADS

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan	July	AMEC 50p	240	26.11	11.0	2.3	6.7	9.2
July	Nov	Aberdeen Const.	180	1.10	16.5	2.7	5.2	9.3
March		♦Access Satellite 5p	386	11.2	a2.0	2.5	0.9	60.0
–	–	Allied Plant 5p	21½	–	–	–	–	–
		♦Amco Ind Hldgs	22	–	–	–	–	–
May	Nov	Arncliffe 10p	46xd	15.4	0.1	♦	0.3	♦
July	Jan	Arnwoods	102	10.12	3.5	1.8	5.0	17.7
Jan	Aug	BPB Inds. 50p	250	10.12	17.0	3.5	4.0	9.0
Feb.	Aug	Baggeridge Brick	256	24.12	6.25	3.7	3.5	11.0
Jan.	June	Bailey (Ben) 10p	24	15.10	‡1.8	2.9	‡	4.4
		Baldwin (H. J.) 10p	30	11'80	–	–	–	11.8
May	Nov	Barratt Dev 10p	84xd	15.4	7.62	1.1	13.0	10.3

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
June	Nov	Liberty	490	1.10	‡14.5	2.4	0.9	45.6
June	Nov	Do. Non Vtg.	290	1.10	‡14.5	2.4	1.5	27.0
Mr Ju Se De		Limited Inc $0.50	£34⅝	5.3	Q24c	–	0.5	–
Sept.	Apr	Lincroft Kilgour 10p	168	25.2	5.5	2.5	4.9	9.4
Oct	Apr	MFI Furniture 10p	275	11.2	‡14.6	2.8	2.4	20.9
Jan.	July	Marks & Spencer	138	29.10	‡‡3.13	2.0	3.2	21.6
Jan	July	Martin (A.) 20p	60½	12.11	3.0	♦	7.3	♦
Jan.	July	Menzies (J.)	280	12.11	‡13.0	4.9	1.5	18.0
Dec.	July	Milletts Lers. 20p	125	12.11	d6.95	0.7	7.9	33.9
Jly	Nov	Moss Bros 20p	435	12.11	5.0	♦	1.7	♦
July	Feb	NSS News 10p	110	24.12	3.3	2.9	4.3	11.5
Oct	May	Oliver (G.) "A"	300	25.3	8.0	♦	3.8	♦
Apr	Nov	Our Price 20p	400	25.2	N3.0	4.0	1.1	30.4
July	Dec	Owen Owen	190	15.10	3.9	♦	3.0	♦
Jan	June	Peters Stores 10p	56	26.11	2.0	–	5.1	–
Feb	Oct	Preedy (Alfred)	108	24.12	‡3.5	2.1	4.6	11.8

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
–		Bailey (C. H.)	18½	3'80	–	–	–	–
Feb	Aug	Baker Perkins 50p	195	24.12	‡6.45	2.7	4.7	(9.8)
May	Nov	Bamro Inds. 20p	98xd	15.4	N5.5	1.9	8.0	12.1
–		Barbican Hldgs. 1p	31	4'80	8	–	–	–
May	Dec	Beauford 10p	76xd	15.4	4.5	2.5	8.5	6.9
–		Belgrave Hldgs	112	25.3	4.2	♦	5.4	♦
Apr	Oct	Bevan (D.F.) 5p	18	11.2	d1.0	3.0	7.9	4.7
Apr	Sept	Birmid Qualcast	86	25.2	3.25	1.9	5.4	6.9
Jan	Sept	Birmingham Mint	218	24.12	‡11.5	1.9	7.8	(8.4)
Ma Ju Se De		Black & Decker $0.50	£17	12.3	Q64c	–	2.8	–
–		Blackwood Hodge	28	12'82	–	–	–	–
–		Boulton Wm 10p	8	11'83	–	–	–	–
		For Braham Millar see BM Group						
Jan	Aug	Brasthwaite £1	122	24.12	‡9.1	0.8	10.7	(18.4)
Feb	Oct	Brasway 10p	52	14.1	‡‡1.33	2.8	3.7	12.7
–		Bristol Ch.Sho10p	4	10'80	–	–	–	8.7
Jan	July	Brit. Steam 20p	128	24.12	‡‡5.2	1.8	5.9	12.5
Feb.	Nov	Bromsgrove Inds 5p	24	11.2	‡0.92	4.2	5.5	4.9
Nov	May	Brons Eng. 10p	18	25.3	0.5	–	4.0	–
–		Brooke Tool	28	28.1	1.0	3.8	5.1	6.2
Apr.	Aug	Brown & Tawse	127	14.1	4.8	2.5	5.4	10.5
–		Brown (John)	32	8'82	–	–	–	–
Sept.	Mar	Bullough 20p	260	24.4	17.1	2.5	3.9	14.7

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Apr	Sept	Stakis 10p	64	25.2	h1.0	2.8	2.2	19.0
Apr.	Oct.	Trusthouse Forte	136	11.2	4.74	1.7	5.0	14.5

INDUSTRIALS (Miscel.)

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Mar	Oct	AAH	144	11.3	‡6.18	2.3	6.1	10.0
June	Dec	AGA AB K50	£35	25.5	‡Q22%	♦	3.2	♦
March	Oct	AGB Research 10p	220	28.1	‡‡6.0	1.4	3.8	24.7
Mar	Sept	AIM 10p	105	11.2	d5.75	1.2	7.8	(14.0)
August		♦Aaronite Group	118	11.3	2.8	3.1	3.4	13.4
Oct.	Apr	Aaronson Bros. 10p	106	5.4	4.2	1.9	5.7	12.4
Mar.	Oct	Abbey	52	9'83	–	–	–	5.5
–		Aberfoyle Hldgs. 5p	48	–	–	–	–	–
October		AGI	330	3.9	‡5.0	3.0	2.2	21.0
		Alexandra W'hwear 10p	144	–	bq4.5	2.5	4.5	12.8
	June	Alfa-Laval AB'B' Sk50	£28	8.5	Q18%	♦	5.2	♦
November		Amari	128	15.10	1.7	8.3	1.9	8.6
Aug.	Sept	Amber Ind. 10p	133	12.11	5.5	2.3	5.9	10.4
–		Amer Group FM20	£14⅜	11.12	Q15%	1.0	2.7	39.3
–		Ang. African Fin 7½p	92	1'83	–	–	–	–
May	Oct	Anglo Nordic	23	26.11	‡1.4	2.0	8.7	10.8
–		Appledore (A & P) 10p	240	–	g4.57	♦	2.7	♦
Aug	Dec	Applied Computer	198	12.11	‡‡0.73	10.9	0.5	22.9
Jan.	Aug	Arenson 10p	25	11'81	8	–	–	♦

[illegible]

INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
—		Mathesons 7¼%	£85	30.6	Q7¼%	2.3	9.3	—
Jan.	June	Metal Box £1	387	26.11	†15.0	3.2	5.5	6.2
Nov.	June	Metal Closures	158xd	15.4	6.7	2.0	6.4	9.4
—		Metal Sciences 2½p	12	—	—	—	—	—
July	Jan.	Midland Marts	104s	26.11	4.0	1.8	5.5	13.2
Jan	May	Mitchell Cotts	72	25.3	4.0	1.5	7.9	10.3
Jan.	July	Morgan Crucible	214	12.11	8.0	◆	5.4	18.2
May		Morris (W) F.A. 20p	31	—	g0.5	◆	2.3	◆
Jan.	Aug.	Moss (Robt.) 10p	91	26.11	†12.5	2.3	3.9	13.2
May	Nov.	NMW Computers	385	15.10	6.0	◆	2.2	◆
Mar.	Sept.	Nash Inds.	34	14.1	2.5	1.5	10.5	7.8
Oct.	April	Neill & Spencer 10p	24	3781	◆	—	—	7.2
Jan	July	Newman Inds 10p	29½xr	12.79	—	—	—	◆
Jan July		Do. 10pc Cm.Cnv.Pf.	32	12.11	10%	—	4.5	—
April	Oct.	Nolton	53	26.11	g1.1	4.5	3.0	8.9
Jan.	Aug.	Norcros	148	24.12	8.6	2.4	8.3	7.0
Oct.	April	Nu-Swift 5p	52	29.10	†2.4	3.2	6.6	6.8
Feb.	Aug.	Oakwood Grp.	95	28.1	d4.5	1.4	6.8	14.0
Jan.	June	Office & Elect	173	29.10	7.5	◆	4.3	◆
—		Oldacre 20p	83	28.1	e4.0	2.6	6.9	7.4
—		Optometrics $0.01	44	—	u02c	—	0.4	46.7
May	Nov.	Oriflame Intl SA	825	25.3	46.81	1.3	8.1	12.8
		For Osborne and Little see Paper/Printing						
Jan.	June	Ovenstone 12½c	17	12.11	†Q4.5c	2.2	‡	3.9
May	Nov.	Ozalid 9pc Cnv 87-92	£172xd	15.4	Q9%	—	5.3	—
—		PCT Grp 10p	160	29.10	g4.8	2.9	4.2	9.8

LEISURE—Continued

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
June	Jan.	Mngmt. Ag. M. 10p	162s	14.1	‡8.75	1.2	7.7
—		Media Tech Int 20p	155	—	ug2.58	3.9	2.4
Apr.	Dec.	Medminster 10p	177	11.3	†4.85	2.6	3.9
Oct	May	Miss World 10p	250	25.3	3.6	4.1	2.1
May		Nationwide Leis.	22	11.3	†3.75	◆	5.0
—		Nimslo Int 20c	29	—	—	—	—
July		Owners Abroad	22½	9.4	1.0	◆	6.6
—		Photax (Lon.)	42	4'82	—	—	—
—		P'dilly Radio NV 5p	22½	28.1	1.07	◆	11.9
December		Pineapple Dnc St 10p	56	24.12	d1.5	1.2	3.8
Sept.	Apr.	Pleasurama 5p	448	17.9	g9.2	◆	3.0
—		Pres Entertain 50p	92xd	15.4	g2.0	2.1	3.1
Feb-July		Radio City 'A' NV	37	10.12	5.6	0.9	21.6
January		Radio Clyde N.V.	43	24.12	3.25	2.0	10.8
July	Jan.	Riley Leisure 10p	52	29.10	0.7	—	‡
Apr.	Nov.	Saga Hols. 20p	180	11.3	4.0	2.1	3.2
April		Samuelson Grp £1	511	11.2	†9.0	3.6	—
January		Saingers Photo 10p	35	29.10	b2.0	1.1	8.2
—		Scanro 50p	183	—	g3.68	◆	2.9
Dec	May	Scott. TV 'A' 10p	135	29.10	8.8	◆	9.8
		SeaCo Inc $0.125	354	31.1	—	—	—
—		SelecTV 10p	11	—	—	—	—
—		Spectrum 5p	28	—	‡g2.0	4.8	‡
May	Nov.	TSW 5p	23xd	15.4	1.5	2.6	9.3
	March	TVS N/Vtg 10p	118	11.2	6.0	2.2	6.5

MINES—Continued

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Colby Res Corp.	85	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c	450	14.1	†Q100c	1.4	10.8
—		Ennex Int. Ir10p	35	—	—	—	—
—		Greenwich Res. Inc.	80	—	—	—	—
Sept	Feb.	Hampton Areas 10p	210	24.12	3.75	2.1	2.4
—		Highwood Res.	190	—	—	—	—
May	Aug.	Homestake Mining $1	£20¾	31.10	Q20c	—	0.8
—		McFinley Red Lake	280	—	—	—	—
—		Musto Explorations	250	—	—	—	—
—		New Sabina Res C$1	46	—	—	—	—
October		Northgate C$1	340	9'77	—	—	—
Jan.	July	RTZ	638	29.10	20.0	ø2.9	4.6
Jan	July	Do. 9¾pcLn '95-2000	£138½	29.10	Q9¾%	35.4	†7.0
—		Tara Expln $1	£13¼	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ¶ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

OPTIONS—3-month call rates

Brit Aerospace	33	Lucas Inds.	25	**Oils**	
Brit. Telecom	11	Marks & Spcr	11	Brit. Oil & Min	4
Brown (J.)	3	Midland Bk	30	Brit Petroleum	42
Burton Ord	39	NEI	8	Burmah Oil	18
Cadburys	14	Nat West Bk	60	Charterhall	6
Comm Union	19	P & O Dfd	36	Premier	5
Courtaulds	12½	Plessey	17	Shell	60
Debenhams	17½	Polly Peck	26	Tricentrol	18
Distillers	28	Racal Elect	18	Ultramar	19
Dunlop	6	RHM	11	**Mines**	
FNFC	8½	Rank Org Ord	32		
Gen Accident	45	Reed Intnl	50	Charter Cons	18
Gen Electric	17	Sears	8	Cons. Gold	44
Glaxo	85	TI	20	Lonrho	14
Grand Met.	25	Tesco	20	Rio T Zinc	56
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

CURRENCIES, MONEY and CAPITAL MARKETS

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.97	90.98	90.92	90.98
Sept	90.25	90.26	90.19	90.32
Dec	89.75	89.77	89.71	89.82
March	89.34	89.36	89.31	89.41
June	88.99	89.01	88.94	89.07

Estimated volume 6,254 (6,219)
Previous day's open int 18,235 (17,827)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	87.66	87.84	87.55	87.82
Sept	88.51	88.71	88.35	87.63
Dec	88.76	88.78	88.60	88.86
March	88.85	—	—	8.97
June	88.90	89.00	89.00	89.10

Estimated volume 3,420 (3,187)
Previous day's open int 7,101 (6,368)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	106-20	106-23	106-07	106-16
Sept	110-03	—	—	109-31
Dec	110-05	—	—	110-01
March	109-25	—	—	109-21

Estimated volume 2,718 (3,504)
Previous day's open int 3,667 (3,164)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2080	1.2140	1.1900	1.2000
Sept	1.1980	1.1980	1.1865	1.1900
Dec	1.1920	—	—	1.1850

Estimated volume 987 (492)
Previous day's open int 8,010 (6,897)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3202	0.3207	0.3173	0.3187
Sept	0.3225	—	—	0.3210

Estimated volume 37 (46)
Previous day's open int 278 (276)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3840	0.3811	0.3811	0.3819

Estimted volume 11 (nil)
Previous day's open int 158 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3972	0.3966	0.3965	0.3976
Sept	0.3996	—	—	0.4000

Estimated volume 24 (nil)
Previous day's open int 168 (368)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	128.85	129.30	128.80	128.20
Sept	129.45	—	—	128.80

Estimated volume 210 (307)
Previous day's open int 1,087 (1,037)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	70-22	70-22	70-16	70-24
Sept	69-21	69-19	69-15	69-23

Estimated volume 588 (1,654)
Previous day's open int 3,168 (2,950)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	71-00	71-01	70-15	70-26
Sept	70-00	70-01	69-14	69-29
Dec	69-04	69-04	68-18	68-30
March	68-11	68-11	67-27	68-05
June	67-21	67-22	67-06	67-16
Sept	67-02	67-02	66-22	66-29
Dec	66-17	66-18	66-05	66-12
March	66-02	66-02	65-22	65-29
June	65-20	65-21	65-16	65-16
Sept	—	—	—	—
Dec	64-29	64-30	64-26	64-25

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
June	92.03	92.07	91.86	92.04
Sept	91.51	91.54	91.39	91.50
Dec	91.06	91.08	90.96	91.06
March	90.70	90.70	90.60	90.70
June	90.42	90.41	90.32	90.42
Sept	90.17	90.16	90.09	90.17
Dec	89.94	89.90	89.88	89.94
March	89.74	—	89.69	89.74

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
June	91.46	91.47	91.29	91.42
Sept	90.78	90.78	90.56	90.75
Dec	90.24	90.22	90.05	90.24
March	89.82	89.97	89.68	89.82

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
June	91.08	91.09	90.90	91.04
Sept	90.38	90.39	90.16	90.35
Dec	89.85	89.86	89.65	89.84
March	89.43	89.43	89.26	89.44
June	89.07	89.06	88.93	89.10
Sept	88.76	88.75	88.62	88.80
Dec	88.48	88.47	88.36	88.53
March	88.22	88.26	88.15	88.28

STERLING (IMM) $s per £

	Close	High	Low	Prev
June	1.2080	1.2145	1.1975	1.2045
Sept	1.1990	1.2070	1.1880	1.1955
Dec	1.1945	1.2020	1.1840	1.1915
March	—	—	—	1.2266
June	1.1910	—	—	1.1876

GNMA (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	69-27	70-02	69-21	69-26
Sept	69-05	69-10	68-28	69-03
Dec	68-17	—	—	68-15
March	—	—	—	—
June	67-15	—	—	67-13
Sept	67-01	—	—	67-00

WEEKLY CHANGE IN WORLD INTEREST RATES

	April 26	change
LONDON		
Base rates	12½-12¾	Unch'd
7 day interbank	12½	−⅛
3mth Interbank	12¾	+⅛
Treasury Bill Tender	11.9039	+0.3392
Band 1 Bills	12⅝	Unch'd
Band 2 Bills	12¼	Unch'd
Band 3 Bills	12⅛	Unch'd
Band 4 Bills	12	Unch'd
3 Mth. Treasury Bills	11 13/16	+⅛
1 Mth. Bank Bills	12 7/16	Unch'd
3 Mth. Bank Bills	12	+1/16
TOKYO		
One month Bills	6.21875	−0.0625
Three month Bills	6.28125	Unch'd
BRUSSELS		
One month	9⅝	−1/16
Three month	9¾	−¼
AMSTERDAM		
One month	7 1/16	+3/16
Three month	7	+1/16

	April 26	change
NEW YORK		
Prime rates	10½	Unch'd
Federal funds	8⅛	+⅜
3 Mth. Treasury Bills	7.72	+0.12
6 Mth. Treasury Bills	8.07	+0.18
3 Mth. C D	8.50	+0.15
FRANKFURT		
Lombard	6.0	Unch'd
One Mth. Interbank	5.775	+0.05
Three month	5.925	Unch'd
PARIS		
Intervention Rate	10½	Unch'd
One Mth. Interbank	10⅛	−1/16
Three month	10⅜	−1/16
MILAN		
One month	14 11/16	−⅛
Three month	15 3/16	Unch'd
DUBLIN		
One month	13	−⅛
Three month	12⅞	−⅛

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

FOREIGN EXCHANGES

Dollar remains an enigma

BY COLIN MILLHAM

Demand for the dollar tailed off on Friday afternoon, as nervous dealers squared positions in very thin trading ahead of the weekend. Until then the U.S. currency had risen steadily. It closed above DM 3.01 on Monday, after falling to the year's closing low of DM 2.9730 the previous Friday. Dollar buying gathered momentum and it rose through several technical resistance levels, including an important one at DM 3.1350. Only at around DM 3.15 did the dollar show signs of running out of steam, but it still finished over 15 pfennigs higher on the week.

This looks extremely contradictory in the context of the latest U.S. economic data, but much of the demand for the dollar was generated by its apparent resistance to disappointing figures.

After the previous week's downward revision to first quarter gross national product growth, the market was hoping for some comfort from March durable goods orders on Tuesday, but these fell by 2.3 per cent. At this point it became clear that dealers did not want to react to these first quarter statistics preferring to believe that growth in the current three months will justify keeping faith with the U.S. currency.

Large speculative positions looking for a stronger dollar helped drive the currency up on the Chicago futures market, and quite early on in the week it was suggested that traders in Chicago were hoping for a level of DM 3.15. The stronger dollar was encouraged by comments made by Mr Paul Volcker, chairman of the Federal Reserve Board, about the difficulty of reducing interest rates when the Federal budget deficit is so high.

There has been speculation about an easing of the Federal Reserve's monetary policy and a possible cut in the U.S. discount rate, but it seems likely the U.S. central bank is adopting a neutral stance at present, awaiting further developments in economic growth, money supply and inflation.

In spite of last week's rise the dollar's future remains as uncertain as ever. Nervous dealers are constantly looking for further economic guides.

STERLING INDEX

	April 26	Previous
8.30 am	76.3	77.2
9.00 am	76.3	77.1
10.00 am	76.4	77.1
11.00 am	76.3	76.7
Noon	76.2	76.6
1.00 pm	76.4	76.8
2.00 pm	76.4	76.8
3.00 pm	77.0	76.6
4.00 pm	77.0	76.6

UK clearing banks base lending rate 12½-12¾ per cent since April 19

£ IN NEW YORK

	April 26	prev. close
£ Spot	$1.2140-1.2160	$1.2035-1.2045
1 month	0.45-0.43pm	0.47-0.44pm
3 months	1.21-1.17pm	1.26-1.22pm
12 months	2.78-2.68pm	2.65-2.50pm

Forward premiums and discounts apply to the U.S. Dollar.

POUND SPOT—FORWARD AGAINST POUND

April 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1945-1.2200	1.2160-1.2170	0.46-0.43c pm	4.39	1.23-1.18 pm	3.96
Canada	1.6331-1.6670	1.6575-1.6625	0.44-0.34c pm	2.82	1.14-1.00 pm	2.58
Nethlnd.	4.26-4.33	4.30¼-4.31¼	2⅛-2⅛c pm	6.09	6⅛-6 pm	5.69
Belgium	75.86-77.20	76.75-76.85	25-18c pm	3.36	66-55 pm	3.13
Denmark	13.56¾-13.73¾	13.68½-13.69½	4⅛-3⅞ore pm	3.40	11⅛-10 pm	3.16
Ireland	1.2050-1.2195	1.2165-1.2175	.09p pm-.01 dis	−0.39	.14pm-.04ds	−0.16
W. Ger.	3.76¾-3.82¾	3.80½-3.81½	2⅛-2¼pf pm	6.89	6½-6¼ pm	6.69
Portugal	209¾-218	212½-217½	120-500c dis	−17.30	430-1400ds	−17.02
Spain	211-213¾	212½-213½	16c pm-9 dis	−0.20	28-88 dis	−1.09
Italy	2402¾-2450¼	2434-2435	2lire pm-1 dis	−0.25	2-6 dis	−0.66
Norway	10.87¾-11.00¾	10.96½-10.97½	¾ore pm-¾ dis	—	7⅛ pm-⅛dis	−0.02
France	11.49¾-11.69½	11.63-11.64	2½-2c pm	2.32	6¼-5⅛ pm	2.00
Sweden	10.88½-11.05	11.02¾-11.03¾	⅛-1¼ore dis	−0.82	1⅛-2⅞ dis	−0.75
Japan	302-307¼	306¾-307¾	1.75-1.65c pm	6.64	4.90-4.70 pm	6.25
Austria	26.40-26.81	26.70-26.80	14¼-12⅝gro pm	6.03	39⅝-37⅝ pm	5.76
Switz.	3.14½-3.20¼	3.17-3.18	2-1⅞c pm	7.32	5⅞-5⅝ pm	7.24

Belgian rate is for convertible francs. Financial franc 76.90-77.00. Six-month forward dollar 2.03-1.98c pm. 12-month 2.65-2.55c pm.

FORWARD RATES AGAINST STERLING

	Spot	1-month	3-month	6-month	12-month
Dollar	1.2165	1.2111	1.2045	1.1965	1.1905
D-Mark	3.8100	3.7877	3.7460	3.6916	3.6071
French Franc	11.6350	11.6125	11.5771	11.5457	11.5428
Swiss Franc	3.1750	3.1557	3.1177	3.0874	2.9845
Japanese Yen	307.25	305.45	302.43	298.31	291.60

BANK OF ENGLAND TREASURY BILL TENDER

	April 26	April 19		April 26	April 19
Bills on offer	£100m	£100m	Top Accepted rate of discount	11.9327%	11.5917%
Total of applications	£270.6m	£539.36m	Average rate of discount	11.9039%	11.5647%
Total allocated	£100m	£100m	Average yield	12.27%	11.91%
Minimum accepted bid	£97.025	£97.11	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	62%	48%			

OTHER CURRENCIES

Apr. 26	£	$		£ Note Rates
Argentina Peso	528.39-529.54	436.07-435.47	Austria	26.45-26.75
Australia Dollar	1.8160-1.8240	1.4995-1.5040	Belgium	76.15-76.95
Brazil Cruzeiro	6,951-5,983	4,900-4,920	Denmark	13.54-13.68
Finland Markka	7.9456-8.0026†	6.5670-6.5690	France	11.47-11.60
Greek Drachma	162.57-165.86	135.48-136.21	Germany	3.76-3.80
HongKong Dollar	9.4575-9.5025	7.7850-7.7890	Italy	2390-2430
Iran Rial	117.30*	92.30*	Japan	303-307
KuwaitDinar(KD)	0.3675-0.3698	0.30215-0.30250	Netherlands	4.26-4.30
Luxembourg Fr	76.75-76.85	63.05-63.15	Norway	10.84-10.95
Malaysia Dollar	3.0275-3.0525	2.4900-2.4950	Portugal	208-218
New Zealand Dlr.	2.6400-2.6700	2.1930-2.2000	Spain	205-214
Saudi Arab Riyal	4.3890-4.4110	3.6100-3.6115	Sweden	10.90-11.01
Singapore Dollar	2.7055-2.7225	2.2285-2.2335	Switzerland	3.14-3.18
Sth African Rand	2.3475-2.3715	1.9495-1.9550	United States	1.19-1.21
U.A.E. Dirham	4.4665-4.4785	3.6720-3.6730	Yugoslavia	295-365

* Selling rate.

† Correction (April 25): Finland—£ rate was 7.9450-7.9650.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1945-1.2200	1.2160-1.2170	0.46-0.43c pm	4.39	1.23-1.18 pm	3.96
Ireland†	0.9895-1.0010	0.9990-1.0000	0.42-0.32c pm	4.47	1.10-0.80 pm	3.83
Canada	1.3640-1.3690	1.3650-1.3665	0.16-0.20c dis	−1.58	0.45-0.50dis	−1.39
Nethlnd.	3.5350-3.5790	3.5395-3.5405	0.43-0.40c pm	1.40	1.48-1.45 pm	1.65
Belgium	62.90-63.15	63.05-63.15	6-7c dis	−1.24	15-17 dis	−1.02
Denmark	11.24½-11.38¼	11.25¾-11.26¼	½-1⅛ore dis	−1.06	2⅛-2⅞ dis	−0.88
W. Ger.	3.1220-3.1615	3.1310-3.1320	0.70-0.65pf pm	2.58	2.18-2.13 pm	2.74
Portugal	176½-179	177-179	175-475c dis	−21.97	550-1350ds	−21.41
Spain	174.80-176.90	174.80-175.30	60-70c dis	−4.43	205-230 dis	−4.94
Italy	1998-2020	2000-2001	7½-8lire dis	−4.63	23¾-24 dis	−4.71
Norway	9.00-9.10¾	9.02¾-9.03¼	3¼-3¾ore dis	−4.64	9-9½ dis	−4.08
France	9.53-9.64¾	9.54¾-9.55¾	1.60-1.70c dis	−2.06	4.40-4.70ds	−1.90
Sweden	9.06-9.13¾	9.07¼-9.07¾	4-5ore dis	−5.94	11¼-11¾ dis	−5.06
Japan	252.10-253.00	252.75-252.85	0.54-0.46y pm	2.37	1.53-1.43 pm	2.34
Austria	21.95-22.21	21.95-22.05	3-2½gro pm	1.49	9½-7½ pm	1.54
Switz.	2.6025-2.6430	2.6120-2.6130	0.68-0.62c pm	2.97	2.10-2.04 pm	3.16

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.20-63.30.

CURRENCY MOVEMENTS

Apr. 26	Bank of England Index	Morgan Guaranty Change %
Sterling	77.0	−12.7
U.S. dollar	147.3	+32.5
Canadian dollar	88.5	−6.3
Austrian schilling	111.5	+3.5
Belgian franc	89.0	−10.9
Danish Kroner	76.9	−5.8
Deutsche mark	121.1	+6.5
Swiss franc	139.6	+8.6
Guilder	111.4	+2.8
French franc	64.6	−15.6
Lira	45.1	−17.8
Yen	156.3	+11.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.820358	0.589631
U.S. $	8	0.982379	0.708147
Canadian $	9.75	*	0.967326
Austria Sch.	4½	21.7754	15.6713
Belgian Fr	11	62.3516	44.9390
Danish Kr	7	11.1647	8.04030
Dmark	4½	3.09715	2.23194
Guilder	5½	3.50562	2.52490
French Fr	9½	9.44657	6.80777
Lira	15½	1977.14	1426.21
Yen	5	247.952	178.984
Norway Kr	8	8.94456	6.42456
Span'h Pta	—	173.327	124.811
Swedish K	9	8.95586	6.44946
Swiss Fr	4	2.58611	1.86490
Greek Dr'ch	20½	134.930	97.0090
Irish Punt	12¾	0.989803	0.713498

* C$/SDR rates for April 25: 1.34836.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.9390	+0.09	+0.20	±1.5471
Danish Krone	8.14104	8.04030	−1.24	−1.13	±1.6419
German D-Mark	2.24184	2.23194	−0.44	−0.33	±1.1475
French Franc	6.87456	6.80777	−0.97	−0.86	±1.3669
Dutch Guilder	2.52595	2.52490	−0.04	+0.07	±1.5171
Irish Punt	0.72569	0.713498	−1.68	−1.57	±1.6673
Italian Lira	1403.49	1426.21	+1.62	+1.62	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 26	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.217	3.810	307.3	11.64	3.175	4.308	2435.	1.690	76.80
U.S. Dollar	0.822	1.	3.132	252.6	9.565	2.613	3.540	2001.	1.365	63.10
Deutschemark	0.262	0.319	1.	80.64	3.054	0.833	1.131	639.0	0.436	20.16
Japanese Yen 1,000	3.255	3.959	12.40	1000.	37.87	10.33	14.02	7924.	5.403	250.0
French Franc 10	0.859	1.046	3.275	264.1	10.	2.729	3.702	2092.	1.427	66.01
Swiss Franc	0.315	0.383	1.200	96.77	3.665	1.	1.357	766.8	0.523	24.19
Dutch Guilder	0.232	0.282	0.885	71.33	2.701	0.737	1.	565.2	0.385	17.83
Italian Lira 1000	0.411	0.500	1.565	126.2	4.779	1.304	1.769	1000.	0.682	31.55
Canadian Dollar	0.602	0.733	2.296	185.1	7.009	1.913	2.595	1467.	1.	46.27
Belgian Franc 100	1.302	1.584	4.961	400.1	15.15	4.134	5.609	3170.	2.161	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12¾-12⅞	8 8⅛	9⅝-9⅞	6 15/16-7	1¼-1½	5⅞-6	10¼-10⅝	12½-13½	9-9¼	9-9¼	6 5/16-6 7/16	9½-10
7 day's notice	12¾-12⅞	8 7/16-8 9/16	9½-10	6 13/16-7 1/16	14¼-14½	5¾-5⅞	10¼-10⅝	9¾-10¾	9¼-9½	9¼-9½	6¼-6⅜	9½-10
Month	12¾-12⅞	8 9/16-8 11/16	9⅞-10	6 15/16-7 1/16	5½-5⅝	5¾ 5⅞	10 7/16-10 9/16	12¼-12¾	9⅜-9⅝	9⅜ 9⅝	6⅛-6¼	9⅛ 9⅜
Three months	12 11/16-12 13/16	8¾-8 15/16	10-10⅛	6 15/16-7 1/16	5⅜-5½	5 13/16-5 15/16	10 7/16-10 9/16	12⅞-13⅜	9½-9¾	9½-9¾	6¼-6⅜	9½-10
Six months	12⅝-12¾	8⅞-9	10 5/16-10 7/16	6 13/16-7 1/16	5 7/16-5 9/16	5 13/16-5 15/16	10 5/16-10 7/16	13¾-14⅛	9⅝-9⅞	9⅝-9⅞	6 5/16-6 7/16	9¾-10¼
One year	12 7/16-12 9/16	9⅝ 9¾	10 11/16-10⅞	6 11/16-7 1/16	6 7/16-6 9/16	6⅛-6¼	10⅞-11⅛	14½-15	10-10¼	9⅞-10⅛	6 9/16-6 11/16	10¼ 10¾

Asian $ (closing rates in Singapore): Short-term 8¼-8⅜ per cent; seven days 8 5/16-8 7/16 per cent; one month 8 9/16-8 11/16 per cent; three months 8½-8⅝ per cent; six months 8 13/16-8 15/16 per cent; one year 9 7/16-9 9/16 per cent. Long-term Eurodollars: two years 10⅛-10⅜ per cent; three years 10¾-11 per cent; four years 11¼-11½ per cent; five years 11¼-11½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Interest rate picture reassessed

Another reassessment of the interest rate picture in London was required last week, as sterling proved again to be a particularly volatile currency. At the end of the previous week, with the pound nudging $1.30, the Bank of England was trying to control the money market's appetite for lower rates, by lending money to the discount houses well above its own intervention rates.

Last week began with the market still reasonably hopeful of lower base rates, or at least that all the clearing banks would come into line with base rates of 12½ per cent. These hopes soon faded, and by Thursday, after a sharp drop in the value of sterling, interbank rates were more aligned with the Barclays and Midland Bank base rate of 12¾ per cent.

Bank of England market intervention rates remained tied to the National Westminster and Lloyds Bank rate of 12½ per cent, but although there was no sign of immediate panic, the earlier hopes of base rates soon falling to 12 per cent were pushed into the background.

The yield curve, which had shown a fairly pronounced downward slope, tended to flatten, with one month money moving up only about ⅛ per cent, while 12-month funds rose by around ¾ per cent.

Sterling has been a major beneficiary from the dollars plunge, and it was therefore to be expected that the pound would lose ground against continental currencies as some of this fast travelling international money moved back into the dollar. It is unfortunate that this occurred at a time of seasonally weaker oil prices, plus general uncertainty about Opec quotas and the general prospects for the oil market.

A loss of 7½ cents in sterling's value in a week has completely changed the interest rate picture, and suggests why the Bank of England has been so reluctant to see a faster fall in London interest rates. Real interest rates are very high, with money market levels roughly double the rate of inflation in the UK. But this is a common trend around the world, governed by U.S. rates, which are also twice the rate of inflation, mainly because of the very large U.S. budget deficit. Against this background, and with a volatile currency to protect, the Bank of England's caution is easier to understand.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

FT LONDON INTERBANK FIXING

(11.00 a.m. April 26)

Three months U.S. dollars

bid 8 9/16	offer 8 11/16

Six months U.S. dollars

bid 8 7/8	offer 9

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

April 26	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.85-6.00	10¼	34½-35½	6⅞ 7⅛	6.03125	15¼-15⅝	6.40	12¾-13
One month	5.70-5.85	10 1/16-10 3/16	5¼-5⅜	7-7⅛	6.21875	14¾-15⅛	9½-9¾	12⅞-13⅛
Two months	5.75-5.90	10 1/16-10 3/16	—	—	—	—	—	12⅞-13⅛
Three months	5.85-6.00	10 5/16-10 7/16	5 7/16-5 9/16	6 15/16-6 1/16	6.28125	15-15⅜	9⅝ 9⅞	12¾-13
Six months	5.95-6.10	10⅜-10½	—	6 1/16-6 3/16	—	—	9⅝-9⅞	12⅝-12⅞
Lombard	6.0	—	—	—	—	—	—	—
Intervervention	—	10½	—	6⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Apr. 26 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	6 13¼	12¾-12	11 13¼	7-12⅞	—	—	—	—	—
2 days notice	—	—	13-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-13⅛	13-13⅛	13-13½	12¾-12⅞	—	—	—	—	—
One month	12⅞-12¾	12¾-13	12¾	13⅛	12⅝	12 7/16	12 7/16	12 7/16	12 7/16	12 15/16
Two months	12¾-12 9/16	12¾-12 9/16	12⅝	13⅛	12⅛	12	11⅞	12⅛	12 1/16	12¾
Three months	12⅝-12½	12 11/16-12⅝	12½	13	11⅞	11 13/16	11 13/16	12	11 15/16	12⅝
Six months	12⅛ 12	12 7/16 12 5/16	12¼	—	—	—	—	11 7/16	11 7/16	12 3/16
Nine months	11 15/16-11 13/16	12 7/16-12 5/16	—	—	—	—	—	—	—	—
One year	11⅞-11¾	12 11/16-12⅝	11¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13⅜-13	—	12¾	8.2-8.3	8½-8⅝	9 7/16 9 9/16
Two months	13¼-12⅞	—	12⅞	8.3-8.4	8 7/16-8 9/16	9½-9⅝
Three months	13-12⅝	—	12⅞	8.35-8.45	8¼ 8½	9⅜ 9⅝
Six months	12⅞ 12⅛	—	12½	8.65-8.75	8 11/16-8 13/16	9 11/16-9 13/16
Nine months	12⅝-12¼	—	12⅜	9.15-9.25	—	—
One year	12⅛-12⅓	—	12¼	9.4-9.5	8 15/16-9 1/16	9⅞ 10
Two years	—	11½	—	—	—	—
Three years	—	11¼	—	—	—	—
Four years	—	11¼	—	—	—	—
Five years	—	11¼	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 6 to April 2 (inclusive): 13.618 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-12¾ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-7.25 per cent (net). Treasury Bills: Average tender rates of discount 11.9039 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13 per cent; one-three months 12½ per cent; three-six months 12 per cent; six months 11½ per cent; nine-12 months 11½ per cent. Under £100,000 11 per cent from April 22. Deposits held under Series 5 11½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (4 pm)

Prime rates	10½
Broker loan rate	9
Fed funds	7⅞
Fed funds at intervention	8⅛

Treasury Bills

One month	7.25
Two month	7.50
Three month	7.79
Six month	8.03
One year	8.24

Treasury Bonds

Two year	99 25/32
Three year	100 7/32
Four year	101⅞
Five year	101⅞
Seven year	102 15/32
10 year	99 17/32
30 year	98 11/32